A review of 1978-79 tax legislative activities

STATE AND LOCAL TAX PERFORMANCE 1978

Kenneth E. Quindry ▪ Niles Schoening
Southern Regional Education Board

HIGHLIGHTS

1. The movement to limit state and local spending continued at a reduced pace in 1979, with Louisiana passing a limit on annual increases in state tax revenues to equal the increase in personal income, and with Florida passing a local property tax limit.

2. As a percentage of personal income, state and local taxes in the SREB states stood at 10.6 percent in 1978, the most recent year for which statistical data are available, compared with 11.0 percent in the North Central states, 12.2 percent in the Mountain states, 12.8 percent in New England, 13.9 percent in the Middle Atlantic states, and 14.5 percent in the Pacific states.

3. Use of their tax capacity by the SREB states, in terms of average utilization in the nation, ranged from 73.9 percent in Arkansas to 99.2 percent in Maryland during 1978; the average for the region was 80.4 percent. The SREB states collected $11.3 billion less in state and local taxes than would have been collected by application of average rates prevailing in the nation.

4. The authors attribute drastically decreased state surpluses in 1978 and 1979 to tax limitations, reduction enactments, the economic "slowdown" and inflation.

5. During 1979 some overhauls of personal income taxes were made, including enactment of new credits in Arkansas and increases of deductions and exemptions in North Carolina, Mississippi, and Maryland. Business tax deductions were revised in Tennessee. For one of the most significant changes of 1979, namely, the use of indexing (to stabilize the individual's tax bracket), no enactments pertained to any SREB states.

6. Sales Tax revision in 1979 included progressive exemption of foods in West Virginia, reduction of the residential energy sales tax in South Carolina, and exemption of water and sewer services to residences in Kentucky. Gasoline tax rates were increased in Arkansas and South Carolina. Alcoholic beverage taxes were increased in North Carolina.

7. Property tax reform for the elderly passed in South Carolina, Tennessee, Maryland, and Arkansas during 1979. Texas and Florida acted to exempt solar heating and cooling devices from property taxes. Alabama increased the oil and gas severance tax rate. Inheritance tax exemptions were increased in North Carolina.

8. From 1967 to 1978, state and local taxes in the nation increased from $61.5 billion to $195.7 billion, or 218 percent. In the same period personal income increased by 176 percent.

STATE AND LOCAL TAX PERFORMANCE, 1978

by

Kenneth E. Quindry
Research Professor

and

Niles Schoening
Research Associate

Center for Business and Economic Research
College of Business Administration
The University of Tennessee, Knoxville

Southern Regional Education Board
130 Sixth Street, N.W.
Atlanta, Georgia 30313
$3.00

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Past issues in this series have been entitled State and Local Revenue Potential and State and Local Tax Ability and Effort.

FOREWORD

Two decades ago, when SREB began publication of data on state and local tax potential, the accent was on less-than-average utilization of specific taxes. The rationale was to provide information focusing on ways to increase revenue resources available for the support of desired public services, particularly higher education. Some ten years later, corresponding information on the more-than-average use of specific taxes was added to these reports, with a view to demonstrating that states often compensate for "underutilization" of some taxes by more-than-average use of others.

The emphasis on balance in state and local systems of taxation continues to be a concern of these reports. However, for the past several years there has been a growing interest in the extent of utilization, not of specific taxes but of the tax base as a whole, defined to take into account interstate differences in wealth. As SREB data have repeatedly shown, the South has been fortunate in continuing to improve relative support of public higher education even though the percentage of tax capacity actually utilized remains at a modest level. The authors report a regional tax capacity utilization of 80.4 percent for 1978, the most recent year for which data are available.

States which aspire toward qualitative catch-up in their higher educational systems during the coming years of reduction in quantitative pressures (due to the leveling or decline of enrollment) may, on the one hand, be somewhat encouraged in the knowledge that margins of below-average tax capacity utilization are still relatively ample in most SREB states. On the other hand, higher educational planning in 1980 must take into account the pressure for greater expenditures from a variety of competing public service areas in a time of public coolness toward higher taxes.

Winfred L. Godwin
President

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OVERVIEW

The SREB reports on state and local taxes provide current information on the one source of institutional income which is more important than any other for public higher education. For most users these reports serve primarily in a reference capacity. This overview is intended to assist in calling attention to salient aspects of this report which should interest particular categories of readers. Major contents may be itemized as follows:

1. Review of 1978 and 1979 Tax Legislative Activities. This review (pages 6-15) is in three parts:
   + a section listing 1978 measures designed to restrain state government spending;
   + a section summarizing 1978 tax legislation in general;
   + a section on major legislative activities of 1979.
2. Statewide Comparisons of Tax Performance. This central core of comparative tax information (pages 16-23) is summarized in five maps:
   + Map 1 is a display of state and local tax collections per capita--a simple measure of "tax effort."
   + Map 2 also shows tax collections per state, but in relation to personal income.
   + Map 3 is intended to measure tax ability or capacity by showing how much each state would collect if its taxes were levied at rates equal to the national average.

+ This same measure of ability or capacity is expressed in Map 4 in relation to personal income.

+ Map 5 (and Chart C) shows how the states range in the degree to which their respective tax efforts (collections) match their capacity or ability, as measured by the national average.

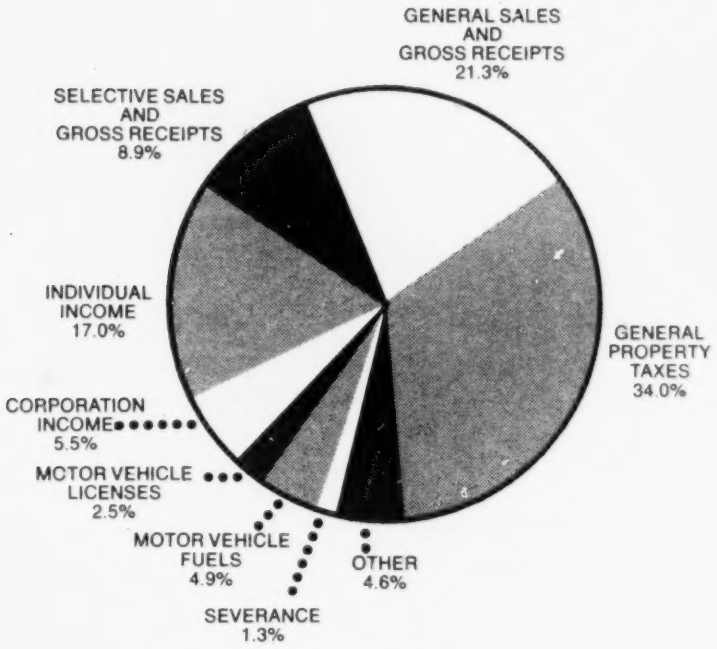
Each map is based upon the documentation to be found in the designated source tables. Table A presents a state and regional comparison of over- and under-utilization in total dollars. Tables 1-19 comprise the basic tabulations.

3. Distribution of State and Local Taxes by Source and by Performance or Degree of Relative Utilization:

+ Chart A provides a graphic representation of amounts collected under the various categories of state and local taxes in the nation. Chart B shows the same information for the SREB region. The most striking contrasts are the smaller reliance on property and income taxes in the SREB states and the greater dependence on sales taxes, when compared with the national average.

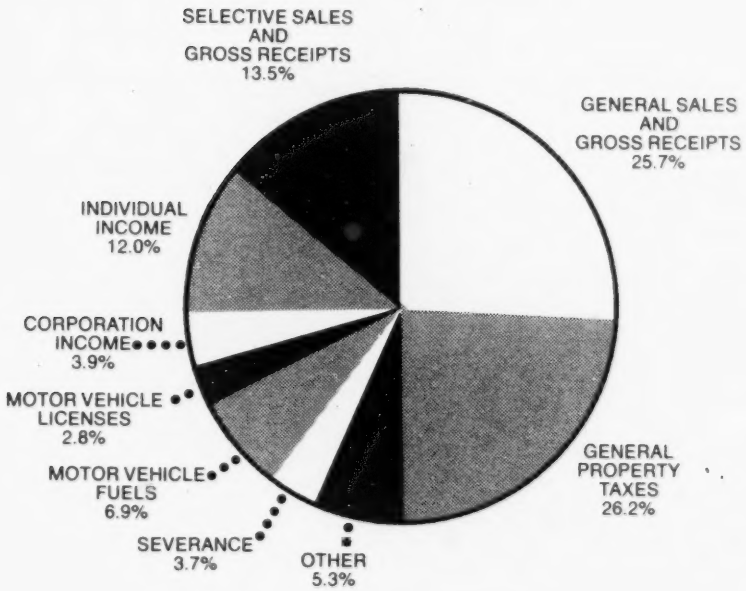
+ Table C expresses, for each state, the pattern of reliance on the various tax sources by showing how much the yield from each tax varies from the amount collectible were that state's rate to equal the national rate. This is a convenient device for showing how a state's tax profile deviates from the national pattern in terms of the differing yields from each tax.

CHART A
STATE AND LOCAL TAXES BY SOURCE
ALL STATES AND THE DISTRICT OF COLUMBIA, 1978



SOURCE: Tables 7, 8, 9, 13, and 16.

CHART B
STATE AND LOCAL TAXES BY SOURCE
SREB REGION, 1978



SOURCE: TABLES 7, 8, 9, 13, and 16.

4. Detailed Analysis of Tax Performance. For a detailed analysis of the most recent annual and historical changes in the performance of each type of tax, the reader should refer to pages 92-131.

5. Alternative Summarizing Measures of Tax Patterns. The reader will note that in addition to the basic "representative tax analysis" of this report, the authors provide several key measures which can be useful for focusing on particular ways of viewing tax performance.

   + Thus, Table 14 presents state and local taxes as a percentage of personal income. In addition, a ranking of the 50 states is given, showing their relative position in terms of a "tax burden" index. The tax burden index expresses tax utilization, not only in relation to total personal income in a state, but also with respect to per capita income, thereby gauging impact of taxes upon the individual taxpayer residing in a state.
   + Also shown in Table 14 is information on (a) taxes as a percent of state and local revenues and (b) federal aids as a percent of general revenues.
   + Table 17 provides data on comparative distribution of state taxes and local taxes.

6. Tax Rates. Average tax rates over time are summarized in Table B. Tables O, P and Q provide information on each state's rates for particular taxes, namely sales, cigarette, and gasoline taxes.

TABLE A

OVER- AND UNDERUTILIZATION* OF TAXES
BY REGION, 1978
(Dollars in Thousands)

	Overutilization		Underutilization		Net Over/Under utilization
	Amount	Number of States	Amount	Number of States	
New England States	$ 957,491	2	$ 540,460	4	$ -417,031
Middle Atlantic States	6,017,150	1	2,014,125	3	-4,003,024
North Central States	611,095	2	7,130,148	10	6,519,051
SREB States	0.0	0	11,343,899	14	11,343,899
Mountain States	132,704	1	1,179,999	8	1,047,297
Pacific States	4,710,552	3	275,531	2	-4,435,023
District of Columbia	77,824	1	--	--	-77,824
TOTAL	$12,506,816	10	$22,484,162	41	$9,977,339

SOURCE: Table 12

*It will be noted in this table and in Tables 1-16 that columns showing "net over- and underutilization of ability" express underutilization as a positive number of dollars, while overutilization is expressed as a minus number. This is consistent with the definition of tax ability as tax collections plus the amount underutilized or minus the amount overutilized, as the case may be.

TABLE B

AVERAGE TAX RATES*

Tax Source	1975	1976	1977	1978
General Sales and Receipts	$ 24.83	$ 24.72	$ 25.66	$ 26.32
Alcoholic Beverage Sales	2.09	1.97	1.86	1.77
Tobacco Sales and Receipts	2.84	2.70	2.51	2.35
Insurance Sales and Receipts	1.47	1.49	1.63	1.67
Public Utility Sales and Receipts	3.60	3.73	3.79	3.69
Other Selective Sales	1.24	1.32	1.40	1.43
Death and Gift	1.20	1.16	1.27	1.16
General Property	43.06	43.08	43.29	41.29
Individual Income	22.14	22.83	24.50	24.99
Corporate Income	6.03	6.01	6.95	7.31
Alcoholic Beverage License	0.12	0.12	0.12	0.11
Motor Vehicle License**	29.77	32.65	33.49	33.43
Motor Fuels***	62.61	65.27	66.75	66.77
Severance****	57.27	43.79	46.62	47.02
Transfer	0.48	0.48	0.58	0.66
ALL TAXES	$119.58	$119.73	$122.88	

*Dollars per $1,000 of personal income unless otherwise designated.
**Based on the number of registered vehicles.
***Based on gallons of consumption of motor fuels on highways.
****Based on dollars per $1,000 of severed products.

SOURCE: The 1978 rates computed from data in Tables 1-11 of this report; 1975-1977 data from Kenneth E. Quindry and Niles C. Schoening, State and Local Tax Ability and Effort, 1977 (Atlanta, Southern Regional Education Board, 1979), Table 34.

A REVIEW OF 1978-1979 TAX LEGISLATION

Spending Limits and Tax Reforms

Sweeping change in the tax systems of many states was the main story of 1978. The most spectacular developments were restraints on government expansion through the use of tax expenditure limitations and taxing limits. Presently, at least seven states (including Tennessee and Texas) have adopted plans designed to restrain government spending at the state level. These new laws are highlighted in the section below:

Colorado: Passed in 1977, the Colorado law limits annual increases in state spending to 7 percent. Revenues collected in excess of the limit are reserved for emergencies and for tax relief. Last November, Colorado voters defeated an additional proposal that would have limited growth in per capita expenditures of state and local government to the annual rate of growth in the U.S. consumer price index. Successful opponents of the measure argued that the existing statutory requirement already restrains spending to a greater degree than the new proposal.

New Jersey: The New Jersey spending limit, passed in 1976, has recently been extended until 1983. The law provides that increases in state appropriations each fiscal year are limited to average increases in personal income over the two calendar years immediately preceding the budget period.

Tennessee: Tennessee was the first state to pass a constitutional rather than a statutory spending limit. The wording of the Tennessee limit requires that appropriations from state tax revenues not grow faster than

the rate of growth of the state's economy. Growth in the state's economy is defined by statute to mean the rate of growth of personal income.

Hawaii: Like Tennessee's law, Hawaii's constitutional spending limit is based on the estimated rate of growth of the state's economy. It limits all expenditures from the general fund, not just appropriations from state tax revenues. To date, the Hawaiian legislature has not provided final implementation to the wording of the amendment.

Texas: The Texas amendment is also similar to the Tennessee plan. It limits spending to the growth of the state's economy. The Texas legislature has not yet passed implementing legislation.

Michigan: Last year voters in Michigan passed Proposal E, better known as the Headlee Amendment. It freezes state spending to the percentage of personal income represented by state spending in the fiscal year 1979 state budget. This figure is approximately 9.4 percent. The amendment also provides that the proportion of total state spending going to local government cannot fall below the current figure of 41 percent.

Arizona: Voters approved a constitutional amendment last year limiting state appropriations to 7 percent of total state personal income. Proposition 101, initiated by the legislature and implemented during the fiscal 1980 budget cycle, constrains all state taxes and user fees.

Legislative actions in other states during 1978 proposed more modest limits on state spending or taxing. The Delaware legislature adopted a bill providing that no more than 98 percent of estimated general fund revenues plus unencumbered balances from prior years may be appropriated each budget

year. The remaining 2 percent forms an accumulating reserve for future revenue fluctuations. To override this limit requires a three-fifths vote of both legislative houses. In South Dakota, the electorate approved a constitutional amendment requiring any tax increase to be approved by two-thirds of both houses of the legislature.

In addition to limits on state taxing and spending, a number of states adopted limits on local property taxes. The most famous of these is Proposition 13, passed by California voters in spring 1978. During the remainder of the year several other states followed California's lead. Proposition 13-type proposals were approved in Idaho and Nevada in November. Missouri voters approved a constitutional amendment allowing the state government to limit increases in local taxes. In Alabama voters approved constitutional limits on effective property tax rates.

Efforts to limit state and local taxing and spending along with numerous legislative actions to reduce rates and bases of major taxes have served to decrease drastically state surpluses in 1978 and 1979. According to the Commerce Department, combined budget balances of states and localities, excluding social insurance funds, plunged from a surplus of $8.4 billion in the first quarter of 1978 to a deficit of $6.1 billion in last year's second quarter. In California, the impact of Proposition 13 and other tax cuts reduced the state surplus from $4 billion at the end of fiscal 1978 to $2.5 billion one year later. It seems likely that the tax reforms and limits of 1978 will considerably reduce the long-run growth rate of state and local spending, and will have a growing impact on the total federal system of public finance in the United States as time goes on.

Other Major Legislative Action, 1978

Many legislatures across the country enacted major tax reform packages during the 1978 sessions. Few major tax increases were enacted; numerous states substantially reduced rates for personal income taxes and created or expanded credits, deductions, or exemptions.

In reviewing the statistics contained in this volume it should be remembered that legislative actions taken in 1978 will have had a negligible effect on tax collections in fiscal year 1978. Most calendar year 1978 changes should be fully effective in fiscal year 1979. A brief review of significant tax actions taken by the states in 1978 is given below. No attempt is made to detail the numerous tax changes having only a slight impact on future revenue collections.

Individual Income Taxes. During 1978, six states enacted major changes in their personal income taxes. A number of others took actions to increase credits and deductions to bring them more in line with the rapidly increasing cost of living.

(1) California and Colorado indexed personal income tax brackets to annual changes in consumer prices.

(2) New York and Minnesota lowered rates for the highest bracket taxpayers. Maine lowered rates for middle incomes.

(3) North Dakota and New Mexico lowered rates for all income levels and Vermont repealed the income tax surcharge.

(4) Nebraska and Rhode Island increased rates.

(5) District of Columbia, Idaho, New Mexico, Rhode Island, and Minnesota increased various income tax credits. Alaska created a new credit. Indiana and Maine increased personal exemptions while Mississippi increased the standard deduction. Arizona indexed both the standard deduction and exemption to annual changes in consumer prices.

(6) California, Colorado, Delaware, Hawaii, Indiana, Michigan, Vermont, and Wisconsin expanded or created new income tax credits for home energy-saving devices.

General Sales Taxes

(1) New Mexico lowered general sales tax rates.

(2) South Dakota increased rates from 4 to 5 percent. Nebraska authorized an increase in the local sales tax from 1/2 percent to 1 percent.

(3) Minnesota, Mississippi, and Texas exempted residential heating fuels from sales taxes. Ohio exempted residential water sales.

Corporation Income Taxes

(1) Maine lowered corporate tax rates; Nebraska and North Dakota increased them.

(2) New York phased out the unincorporated business tax.

(3) Maine created a new jobs credit and Ohio exempted new energy generating facilities from the corporate income tax formula.

Motor vehicle taxes were raised in four states and lowered in one state. Iowa increased gasoline taxes in two annual stages; the first stage to take effect in 1978 with the rate increasing from 7 to 8-1/2¢ a gallon and the

second in 1979 with a further increase to 10¢ a gallon. Michigan and Utah raised rates by 2¢ a gallon and Oklahoma enacted a new 5-1/2¢ tax on diesel fuel. Delaware reduced rates from 11¢ to 9¢ a gallon.

Other Taxes

(1) Kansas and Michigan increased motor vehicle registration fees.

(2) Michigan, Rhode Island, and South Dakota increased alcohol beverage taxes.

(3) Alabama, California, Colorado, Connecticut, Illinois, Indiana, Iowa, Maine, Massachusetts, Minnesota, Nebraska, South Carolina, Tennessee, and Virginia increased homestead exemptions for senior citizens under the property tax.

(4) Maine voted a property tax rebate and South Dakota repealed the tax on personal property.

(5) Iowa, Massachusetts, Ohio, Tennessee, and Texas exempted new energy-saving systems from the property tax.

(6) Florida reduced severance tax rates on phosphates. South Dakota created a new severance tax on oil and gas, and New Mexico increased severance tax rates. Kentucky extended severance taxes to coal processing as well as mining.

(7) Inheritance and gift tax exemptions and deductions were raised in Connecticut, Kansas, Kentucky, Maryland, Michigan, Massachusetts, Rhode Island, South Dakota, Tennessee, Texas, and Virginia. South Carolina increased inheritance tax rates.

Major Legislative Actions, 1979

The movement to limit state and local spending continued in 1979. During the first half of the year, three states passed revenue and expenditure limits and two states enacted initiatives that appeared on the ballot in November. In Oregon, a bill was enacted to limit the growth of state appropriations to the annual rate of increase in personal income. In Utah, a state and local appropriations limit was passed, but implementation will not take place until fiscal year 1982. Louisiana also passed a limit setting annual increases in state tax revenues equal to the increase in personal income. In California and Washington, voters approved initiatives to limit appropriations to the annual rate of growth of personal income. Local property tax limits were successfully passed in Florida, Massachusetts, and New Mexico.

Other important tax changes are detailed in the following section:

(1) Major overhauls of personal income taxes were made this year in a number of states. As a part of a tax reform package, Wisconsin ceased withholding income taxes in the months of May and June. Oregon rebated an amount equal to 9 percent of 1978 tax liability to every taxpayer of record. Arizona, Minnesota, Iowa and Wisconsin moved to index income tax brackets and Indiana, Vermont, Minnesota, and Delaware reduced rates. Indiana enacted a new property tax deduction for renters, and reduced rates from 2.0 to 1.9 percent; and New Mexico passed a new food tax credit. Colorado and Arkansas also enacted new credits. Exemptions and deductions were increased in Kansas, Montana, Minnesota,

Iowa, North Carolina, Mississippi, Wisconsin, Massachusetts, and Maryland. In Ohio the legislature authorized school districts to levy a temporary local income tax with a 1 percent maximum rate to pay back loans from the state emergency school fund.

(2) Corporate income tax rates were increased in California. Idaho imposed a new business franchise tax based on income, and Illinois enacted a new tax equal to 2.85 percent of net income to replace a property tax declared unconstitutional. Maine, Delaware and Colorado passed new investment tax credits; Tennessee revised business tax deductions. North Dakota repealed business and corporation privilege taxes.

(3) A number of states acted to increase exemptions under the sales tax. Colorado, West Virginia, and Nevada exempted food; Illinois exempted food and drugs. South Carolina lowered sales tax rates from 4 percent to 3 percent on residential energy sales. Kentucky exempted sales of water and sewer services to residences, and Wisconsin and Connecticut enacted new exemptions for energy-saving devices. Washington reduced the general sales tax rate 1/10 of 1 percent. The Missouri legislature authorized counties to impose a local sales tax in conjunction with property tax reductions. The maximum rate is 1/2 of 1 percent. The Illinois legislature authorized a 1 percent sales tax in Cook County and a 1/4 of 1 percent tax in suburban Chicago counties to support a regional transportation system.

(4) Gasoline tax rates were increased in South Dakota, Nebraska, Arkansas, New Hampshire, Washington, Montana, South Carolina, and Pennsylvania. Montana authorized a 2¢ a gallon local gasoline tax, and Nevada authorized a 2¢ a gallon increase in the county gasoline tax. New Mexico moved to index the state gasoline tax to changes in average wholesale prices. Michigan increased the marine fuel tax rate by 2¢ a gallon. Oklahoma, Utah, South Dakota, and North Dakota increased cigarette taxes, and alcohol beverages taxes were raised in North Carolina and Nevada.

(5) Ohio, Pennsylvania, Connecticut, Colorado, Illinois, Minnesota, Wyoming, South Carolina, Nevada, Tennessee, North Dakota, and Indiana acted to expand homestead exemptions for the elderly. Maryland voted property tax rebates for elderly renters; Tennessee and Arkansas acted to freeze property taxes paid by the elderly to an amount not to exceed the 1978 tax. Florida imposed a limit on local property tax collections of no more than 105 percent of 1978 revenues. Massachusetts enacted a bill limiting local property tax revenue increases to no more than 4 percent a year. Utah reduced assessment rates from 30 percent to 25 percent of fair cash value. Starting in fiscal year 1981, business inventories will be exempt from property taxes in California. Texas, Florida, and Connecticut acted to exempt solar heating and cooling devices from the property tax. In Indiana, the intangibles tax will be reduced gradually over a 15-year period from its current rate of 1/4 of 1 percent.

(6) New severance taxes were passed in four states. Oregon imposed an additional forest products tax of 9¢ per 1,000 board feet. Oklahoma enacted a coal production tax, and South Dakota passed a new coal severance tax. Washington enacted a milling tax on uranium and thorium; Alabama increased the oil and gas severance tax rate from 4 to 6 percent. Bank tax rates increased in California and South Dakota. Inheritance tax exemptions were increased in Idaho, North Carolina, Indiana, Washington, Michigan, Kansas, and Wyoming. South Dakota acted to reduce inheritance tax rates. New Mexico enacted a new credit under the gross receipts tax for new machinery. Washington passed a new business and occupations tax on stevedores, cargo agents, etc. Nevada increased rates under the sporting and events tax. South Dakota increased insurance premium tax rates, and New York passed a new mortgage recording tax.

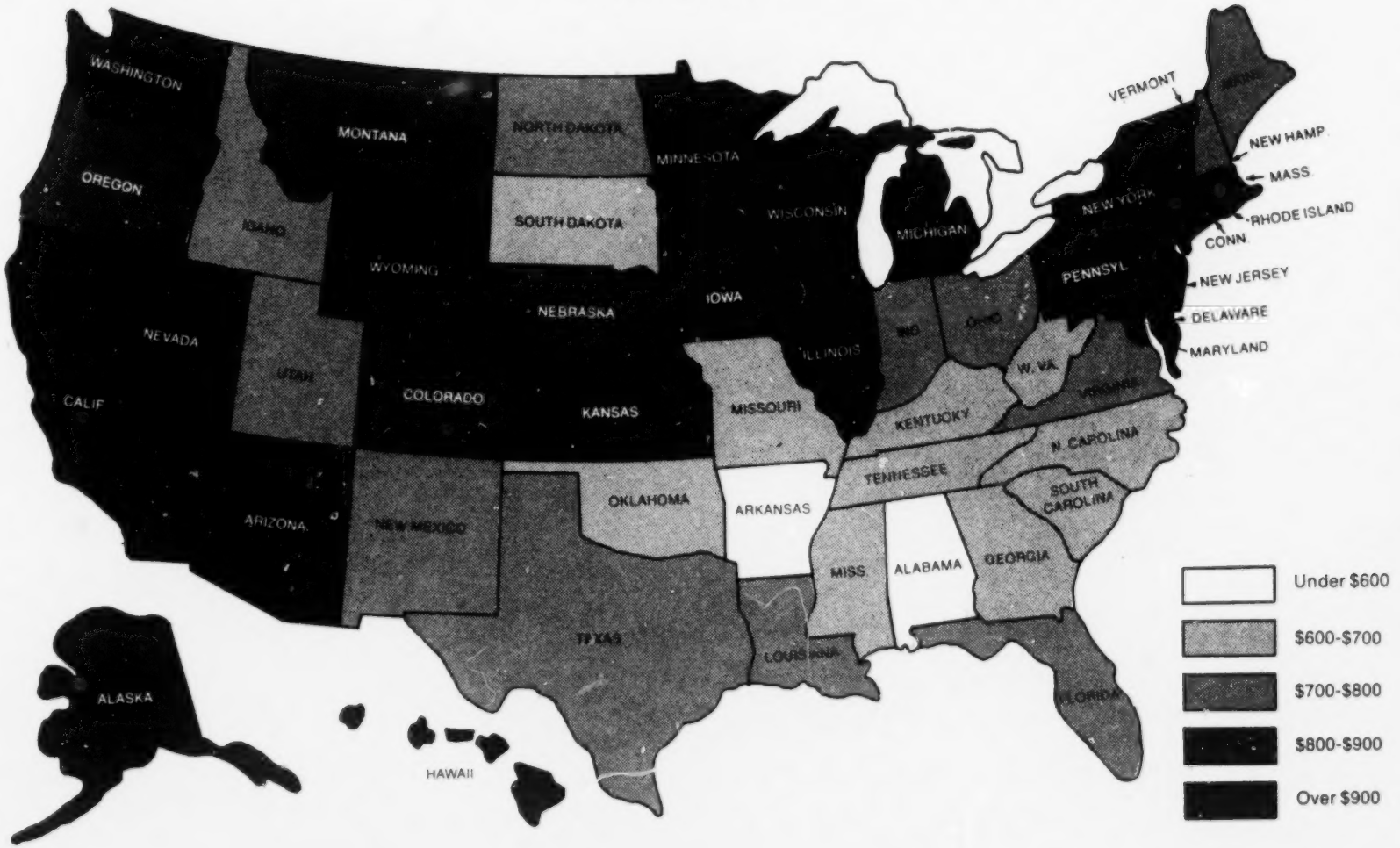
STATEWIDE COMPARISONS OF TAX PERFORMANCE

This study presents comparative measures of state and local government tax ability and effort. The approach utilized, namely, the representative tax system concept, is one of several possible alternatives for measuring tax ability and tax performance. This concept dates back almost three-quarters of a century. It has been continually improved and used from time to time by organizations such as the Advisory Commission on Intergovernmental Relations (ACIR) and The Brookings Institution.

The representative tax system concept was first utilized for the Southern Regional Education Board (SREB) by Professor James W. Martin some 20 years ago. While the current approach is essentially the same as his, it has been modified, extended, and computerized. The series of SREB annual reports dating back to 1967 is the only continuous and comparable annual estimate of relative state-local tax ability and effort in existence.

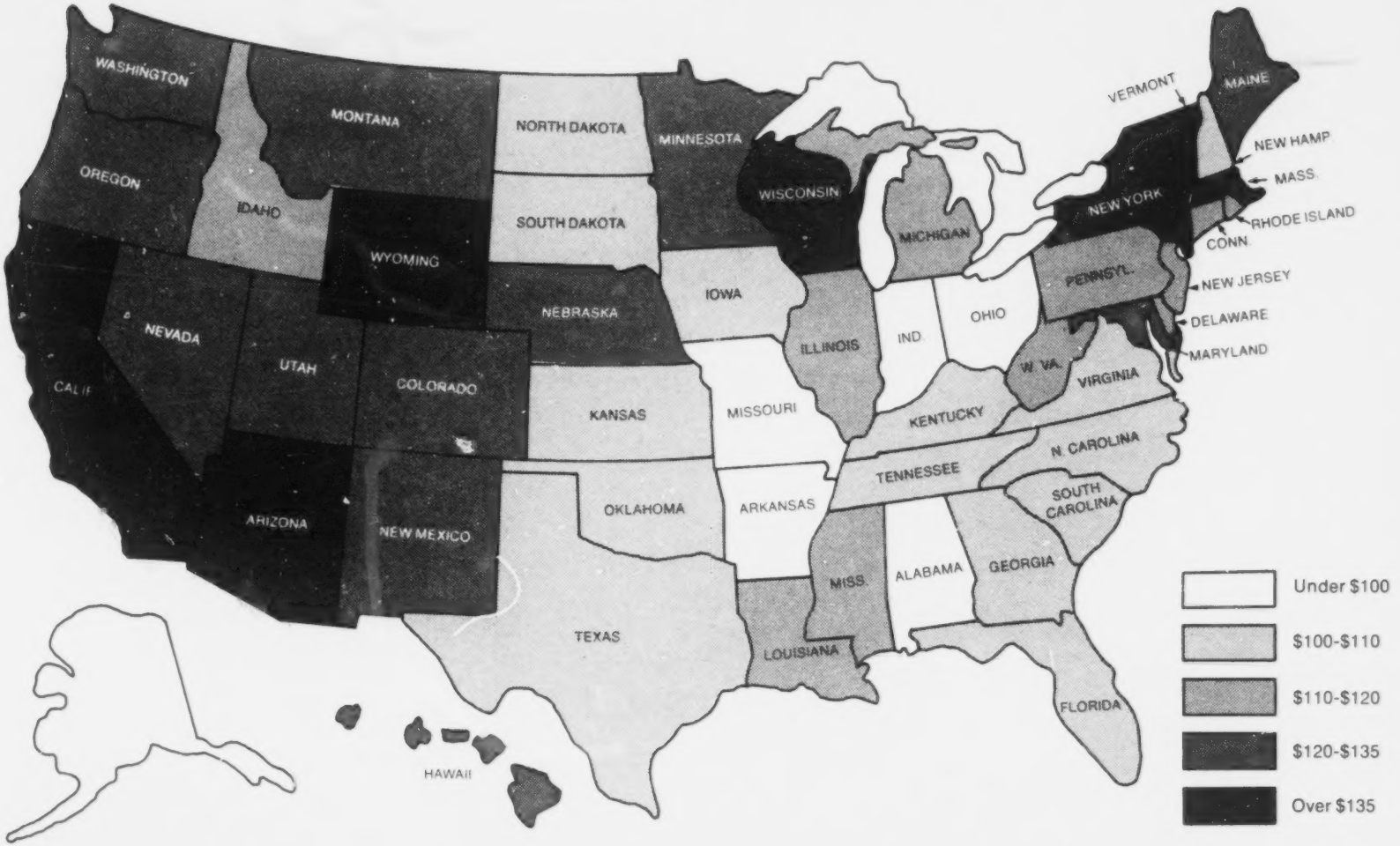
The emphasis of the entire series is on comparing (a) the "ability" of state and local governments to collect taxes--the taxable resources (Maps 3 and 4), (b) tax collections or "effort" (Maps 1 and 2), and (c) tax performance--effort related to ability (Map 5). It was the realization of widespread differences in taxable resources, the utilization of the resources, and the resulting differences in the adequacy of public services that first led Professor Martin and SREB to initiate these studies. They recognized that many states with below-average service levels were also making below-average efforts to support public services.

MAP 1
STATE AND LOCAL PER CAPITA TAX EFFORT
IN FISCAL 1978



SOURCE: Table 18

MAP 2
STATE AND LOCAL TAXES PER $1000 OF PERSONAL INCOME
IN FISCAL 1978

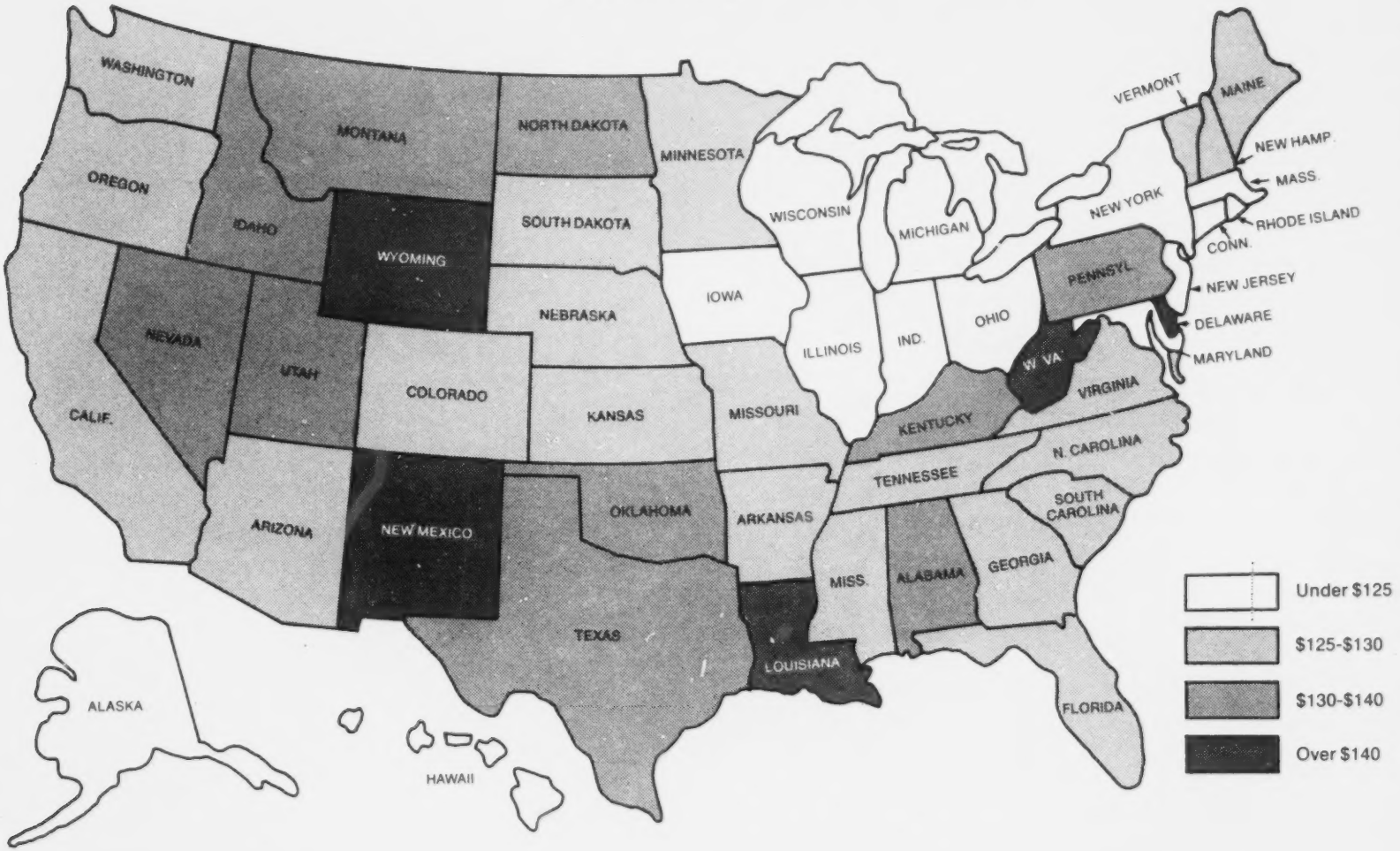


SOURCE: Table 18

MAP 3
STATE AND LOCAL PER CAPITA TAX ABILITY
IN FISCAL 1978

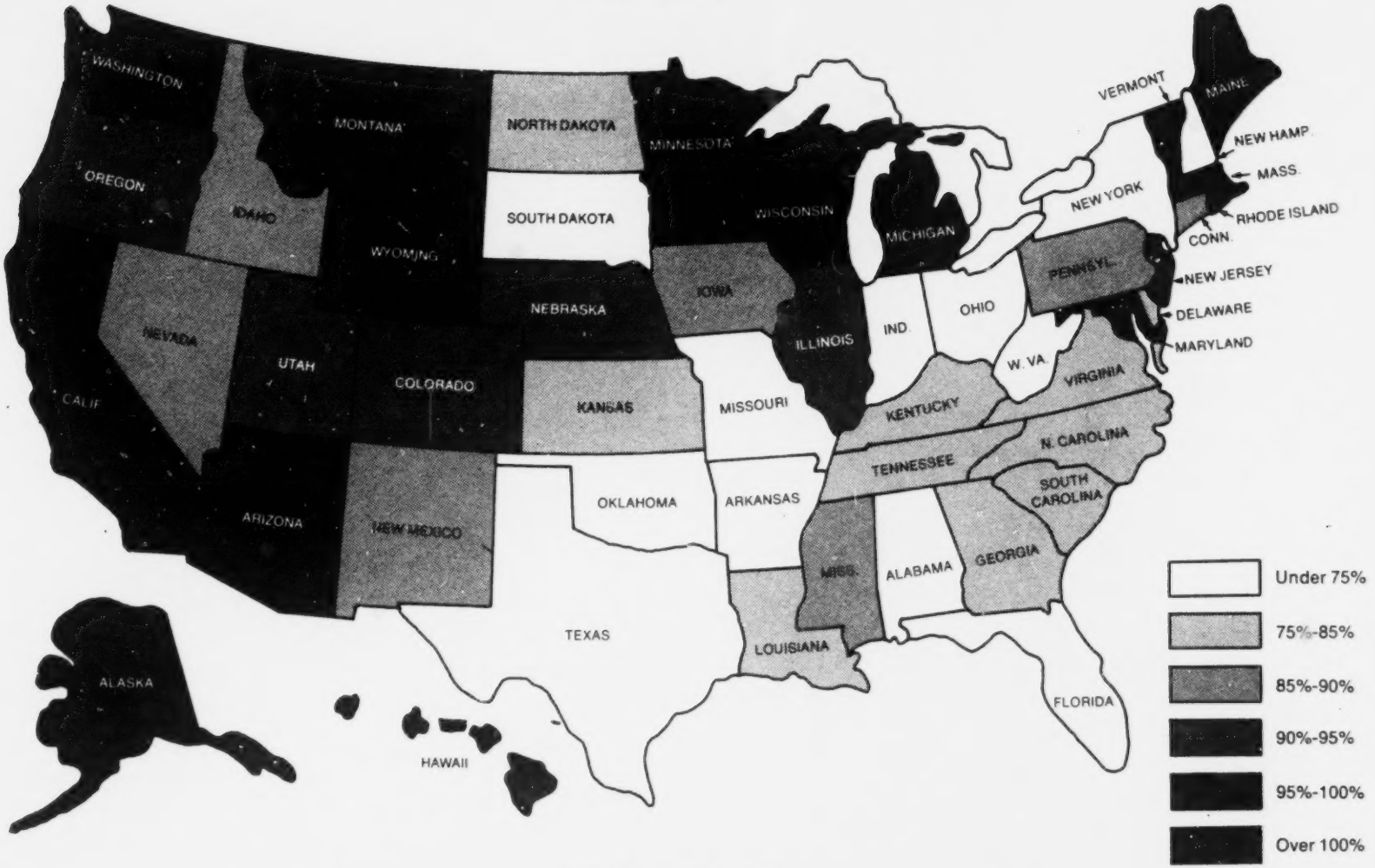
SOURCE: Table 18

MAP 4
STATE AND LOCAL ABILITY PER $1000 OF PERSONAL INCOME
IN FISCAL 1978



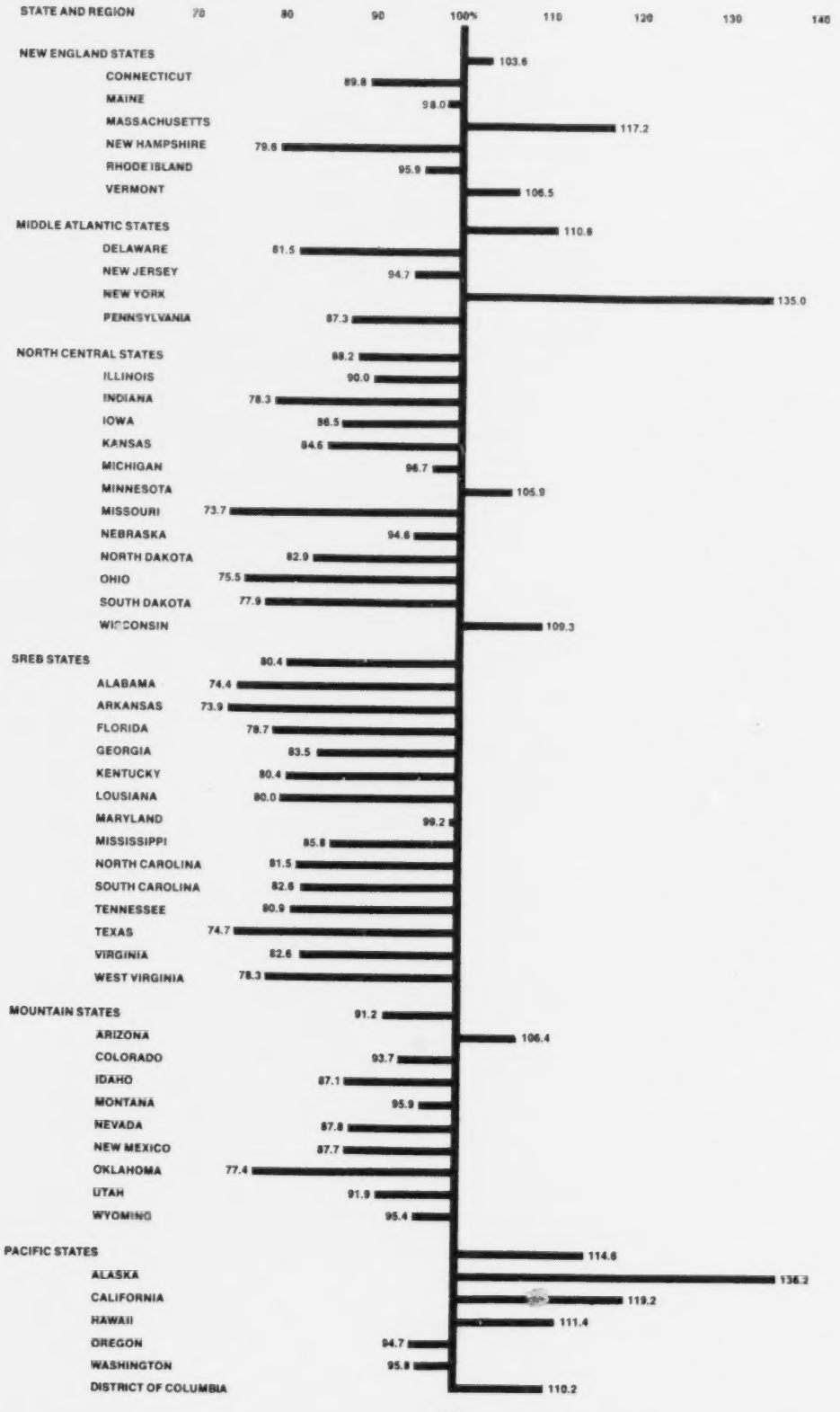
SOURCE: Table 18

MAP 5
STATE AND LOCAL NET OVER- AND UNDERUTILIZATION
IN FISCAL 1978



SOURCE: Table 16

CHART C
COMPARISON OF STATE AND LOCAL TAX UTILIZATION
BY REGION AND BY STATE
FISCAL 1978



All such measures, commonly referred to as "representative tax systems" studies, are similar in concept.* The general procedure is to estimate tax ability by selecting a standard proxy tax base for each major tax or tax category and then applying a set of uniform (usually average) rates to the proxy bases in each state. Tax ability is then compared with actual tax collections (effort) to evaluate and compare tax performance within and among states. If a state were to apply the full complement of average rates, its tax effort would be exactly equal to its tax ability. By applying above- or below-average rates, states may over- or underutilize tax ability.

This report is a state-local (jurisdictional) effort/ability study and not a resident burden/capacity study. It does not attempt to measure resident capacity to pay taxes or the burdens placed on individual capacities. It is designed primarily to measure how extensively and intensively the states and local governments are utilizing the taxable resources within their jurisdiction to tax.

In theoretical terms, tax ability is equal to resident capacity to pay plus the net capability to shift taxes to nonresidents through interstate economic activities. All states export taxes through interstate

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* Some recent reports include Robert Reischauer, Rich Governments: Poor Governments (Washington, D.C.: The Brookings Institution, 1974); D. Kent Halstead, Tax Wealth in the Fifty States (Washington, D.C.: U.S. Government Printing Office, 1978); and Advisory Commission on Intergovernmental Relations, Measuring the Fiscal Capacity and Effort of State and Local Areas (Washington, D.C.: U.S. Government Printing Office, 1971).

economic transactions, thus reducing the burdens on residents. By the same token, all states import taxes, thus reducing the capacity of residents to pay taxes levied by the home state and localities. Some states are net tax exporters; others are net tax importers. As a result, some states will experience a net increase in ability to collect taxes beyond that reflected in resident capacities, while others will suffer net decreases. Ability measures reflect only imperfectly this shifting capability.

Tax effort is generally measured by actual tax collections. However, nontax charges and fees occupy an important place among sources of state and local revenue. While many are in the nature of user fees and are closely associated with the cost of providing the service and with the beneficiary, they do finance a service that might in other circumstances be financed by taxes. Consequently, the comparative use of nontax revenues is now incorporated in the SREB studies. It is presented separately in order to preserve the annual tax comparability series.

Closely allied to charges and fees are another source of nontax revenues. The tax revenue of alcoholic beverage and public utility selective sales taxes are augmented in the report by net profits of publicly owned liquor stores and municipal utilities. The profits are assumed to be in lieu of taxes usually imposed on similar private enterprises.*

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* See the appendix for a note on the methodology followed in the SREB tax performance reports.

STATE PROFILES OF TAX UTILIZATION

This report's primary value lies in the opportunity provided to public officials to compare and evaluate their state's tax performance and trends. While performance is measured in all cases against national norms, it is not intended to suggest that a state should restructure its tax system or alter tax levels in order to conform to those norms. Variety in tax systems and tax levels is, in fact, desirable in a large, decentralized, highly complex, economic society. Tax policy is largely a product of economic, geographic, political and social characteristics, and states differ in these respects. Table C presents state tax profiles which apply the basic concept of "above average" and "below average" utilization to demonstrate the diversity of the 14 SREB states' reliance upon the respective taxes.

Geographic location and natural resource endowments are instrumental in fashioning state-local tax policies. For example, a few states with extensive mineral resources, fisheries, and forests can use the severance tax productively; others, poor in these resources, cannot. A few states with particular climatic, locational, and topographical characteristics depend significantly on tourism to contribute to tax revenues.

The desire for economic development has caused many states to reassess the taxes bearing on business firms. This is notably true in the current "frost belt-sunbelt" competition for industrial locations. In both areas, business taxes are being depreciated--in the first, to maintain the historic role as manufacturing center, and in the second, to develop manufacturing

TABLE C

UTILIZATION OF STATE AND LOCAL TAX ABILITY, ALABAMA, 1978

TYPE OF TAX	AMOUNT COLLECTED DUE TO ABOVE AVERAGE RATE	AMOUNT COLLECTED DUE TO BELOW AVERAGE RATE
GENERAL SALES AND GROSS RECEIPTS	$ 77,706,000	$
SELECTIVE SALES AND GROSS RECEIPTS		
ALCOHOLIC BEVERAGES	55,837,000	
TOBACCO PRODUCTS	6,553,000	
INSURANCE	21,461,000	
PUBLIC UTILITIES	116,017,000	
OTHER		602,000
STATE DEATH AND GIFT		18,016,000
GENERAL PROPERTY		699,032,000
INDIVIDUAL INCOME		211,254,000
CORPORATE INCOME		78,467,000
STATE ALCOHOLIC BEVERAGE LICENSE	271,000	
MOTOR VEHICLE LICENSE		43,287,000
MOTOR FUELS	11,512,000	
SEVERANCE		33,985,000
TRANSFER		7,833,000
TOTALS	$ 291,356,000	$ 1,045,477,000
NET UNUTILIZED POTENTIAL (EXCESS OF "BELOW AVERAGE" YIELDS OVER "ABOVE AVERAGE" YIELDS)	+$ 754,121,000	

Amounts shown in the first column indicate extent to which the designated taxes are given "above average" utilization compared with the nation. Amounts shown in the second column indicate extent to which this group of taxes is given "below average" utilization compared with the nation (these amounts correspond to those entries on Tables 1-16 which are shown as minus quantities). The bottom line is the difference between column totals and shows how much more revenue the states' taxes would yield if the average rates in the nation were applied. Table is derived from basic tables 1-10.

TABLE C (Continued)

UTILIZATION OF STATE AND LOCAL TAX ABILITY, ARKANSAS, 1978

TYPE OF TAX	AMOUNT COLLECTED DUE TO ABOVE AVERAGE RATE	AMOUNT COLLECTED DUE TO BELOW AVERAGE RATE
GENERAL SALES AND GROSS RECEIPTS	$	$ 17,578,000
SELECTIVE SALES AND GROSS RECEIPTS		
ALCOHOLIC BEVERAGES		1,754,000
TOBACCO PRODUCTS	19,035,000	
INSURANCE	3,481,000	
PUBLIC UTILITIES		13,981,000
OTHER		16,403,000
STATE DEATH AND GIFT		12,101,000
GENERAL PROPERTY		265,573,000
INDIVIDUAL INCOME		113,694,000
CORPORATE INCOME		9,097,000
STATE ALCOHOLIC BEVERAGE LICENSE		570,000
MOTOR VEHICLE LICENSE		2,444,000
MOTOR FUELS	11,707,000	
SEVERANCE		8,520,000
TRANSFER		5,667,000
TOTALS	$ 34,223,000	$ 467,382,000
NET UNUTILIZED POTENTIAL (EXCESS OF "BELOW AVERAGE" YIELDS OVER "ABOVE AVERAGE" YIELDS)	+$ 433,158,000	

Amounts shown in the first column indicate extent to which the designated taxes are given "above average" utilization compared with the nation. Amounts shown in the second column indicate extent to which this group of taxes is given "below average" utilization compared with the nation (these amounts correspond to those entries on Tables 1-16 which are shown as minus quantities). The bottom line is the difference between column totals and shows how much more revenue the states' taxes would yield if the average rates in the nation were applied. Table is derived from basic tables 1-10.

TABLE C (Continued)

UTILIZATION OF STATE AND LOCAL TAX ABILITY, FLORIDA, 1978

TYPE OF TAX	AMOUNT COLLECTED DUE TO ABOVE AVERAGE RATE	AMOUNT COLLECTED DUE TO BELOW AVERAGE RATE
GENERAL SALES AND GROSS RECEIPTS	$ 47,655,000	$
SELECTIVE SALES AND GROSS RECEIPTS		
ALCOHOLIC BEVERAGES	137,807,000	
TOBACCO PRODUCTS	89,526,000	
INSURANCE		10,672,000
PUBLIC UTILITIES	220,557,000	
OTHER		43,792,000
STATE DEATH AND GIFT		24,396,000
GENERAL PROPERTY		547,428,000
INDIVIDUAL INCOME		1,518,506,000
CORPORATE INCOME		188,023,000
STATE ALCOHOLIC BEVERAGE LICENSE	6,406,000	
MOTOR VEHICLE LICENSE	26,888,000	
MOTOR FUELS	17,629,000	
SEVERANCE	6,214,000	
TRANSFER	120,222,000	
TOTALS	$ 673,102,000	$ 2,332,816,000
NET UNUTILIZED POTENTIAL (EXCESS OF "BELOW AVERAGE" YIELDS OVER "ABOVE AVERAGE" YIELDS)		+$ 1,659,714,000

Amounts shown in the first column indicate extent to which the designated taxes are given "above average" utilization compared with the nation. Amounts shown in the second column indicate extent to which this group of taxes is given "below average" utilization compared with the nation (these amounts correspond to those entries on Tables 1-16 which are shown as minus quantities). The bottom line is the difference between column totals and shows how much more revenue the states' taxes would yield if the average rates in the nation were applied. Table is derived from basic tables 1-10.

TABLE C (Continued)

UTILIZATION OF STATE AND LOCAL TAX ABILITY, GEORGIA, 1978

TYPE OF TAX	AMOUNT COLLECTED DUE TO ABOVE AVERAGE RATE	AMOUNT COLLECTED DUE TO BELOW AVERAGE RATE
GENERAL SALES AND GROSS RECEIPTS	$ 55,480,000	$
SELECTIVE SALES AND GROSS RECEIPTS		
ALCOHOLIC BEVERAGES	80,138,000	
TOBACCO PRODUCTS	952,000	
INSURANCE	3,440,000	
PUBLIC UTILITIES		59,221,000
OTHER		26,990,000
STATE DEATH AND GIFT		29,364,000
GENERAL PROPERTY		352,365,000
INDIVIDUAL INCOME		205,288,000
CORPORATE INCOME		33,025,000
STATE ALCOHOLIC BEVERAGE LICENSE		2,505,000
MOTOR VEHICLE LICENSE		70,570,000
MOTOR FUELS		8,711,000
SEVERANCE		17,948,000
TRANSFER		16,235,000
TOTALS	$ 140,010,000	$ 822,225,000
NET UNUTILIZED POTENTIAL (EXCESS OF "BELOW AVERAGE" YIELDS OVER "ABOVE AVERAGE" YIELDS)	+$ 682,216,000	

Amounts shown in the first column indicate extent to which the designated taxes are given "above average" utilization compared with the nation. Amounts shown in the second column indicate extent to which this group of taxes is given "below average" utilization compared with the nation (these amounts correspond to those entries on Tables 1-16 which are shown as minus quantities). The bottom line is the difference between column totals and shows how much more revenue the states' taxes would yield if the average rates in the nation were applied. Table is derived from basic tables 1-10.

TABLE C (Continued)

UTILIZATION OF STATE AND LOCAL TAX ABILITY, KENTUCKY, 1970

TYPE OF TAX	AMOUNT COLLECTED DUE TO ABOVE AVERAGE RATE	AMOUNT COLLECTED DUE TO BELOW AVERAGE RATE
GENERAL SALES AND GROSS RECEIPTS	$	$ 44,380,000
SELECTIVE SALES AND GROSS RECEIPTS		
ALCOHOLIC BEVERAGES		23,650,000
TOBACCO PRODUCTS		29,455,000
INSURANCE	13,471,000	
PUBLIC UTILITIES		43,731,000
OTHER	87,653,000	
STATE DEATH AND GIFT		3,422,000
GENERAL PROPERTY		480,989,000
INDIVIDUAL INCOME		9,114,000
CORPORATE INCOME		21,250,000
STATE ALCOHOLIC BEVERAGE LICENSE		1,079,000
MOTOR VEHICLE LICENSE		27,302,000
MOTOR FUELS	27,735,000	
SEVERANCE		900,000
TRANSFER		12,605,000
TOTALS	$ 128,859,000	$ 697,885,000
NET UNUTILIZED POTENTIAL (EXCESS OF "BELOW AVERAGE" YIELDS OVER "ABOVE AVERAGE" YIELDS)	+$ 569,031,000	

Amounts shown in the first column indicate extent to which the designated taxes are given "above average" utilization compared with the nation. Amounts shown in the second column indicate extent to which this group of taxes is given "below average" utilization compared with the nation (these amounts correspond to those entries on Tables 1-16 which are shown as minus quantities). The bottom line is the difference between column totals and shows how much more revenue the states' taxes would yield if the average rates in the nation were applied. Table is derived from basic tables 1-10.

TABLE C (Continued)

UTILIZATION OF STATE AND LOCAL TAX ABILITY, LOUISIANA, 1978

TYPE OF TAX	AMOUNT COLLECTED DUE TO ABOVE AVERAGE RATE	AMOUNT COLLECTED DUE TO BELOW AVERAGE RATE
GENERAL SALES AND GROSS RECEIPTS	$ 319,636,000	$
SELECTIVE SALES AND GROSS RECEIPTS		
ALCOHOLIC BEVERAGES	7,612,000	
TOBACCO PRODUCTS	1,137,000	
INSURANCE	20,473,000	
PUBLIC UTILITIES		25,850,000
OTHER		9,223,000
STATE DEATH AND GIFT		12,195,000
GENERAL PROPERTY		628,490,000
INDIVIDUAL INCOME		422,476,000
CORPORATE INCOME	7,121,000	
STATE ALCOHOLIC BEVERAGE LICENSE		738,000
MOTOR VEHICLE LICENSE		32,431,000
MOTOR FUELS	5,061,000	
SEVERANCE	67,307,000	
TRANSFER		16,186,000
TOTALS	$ 428,347,000	$ 1,147,588,000
NET UNUTILIZED POTENTIAL (EXCESS OF "BELOW AVERAGE" YIELDS OVER "ABOVE AVERAGE" YIELDS)	+$ 719,242,000	

Amounts shown in the first column indicate extent to which the designated taxes are given "above average" utilization compared with the nation. Amounts shown in the second column indicate extent to which this group of taxes is given "below average" utilization compared with the nation (these amounts correspond to those entries on Tables 1-16 which are shown as minus quantities). The bottom line is the difference between column totals and shows how much more revenue the states' taxes would yield if the average rates in the nation were applied. Table is derived from basic tables 1-10.

TABLE C (Continued)

UTILIZATION OF STATE AND LOCAL TAX ABILITY, MARYLAND, 1970

TYPE OF TAX	AMOUNT COLLECTED DUE TO ABOVE AVERAGE RATE	AMOUNT COLLECTED DUE TO BELOW AVERAGE RATE
GENERAL SALES AND GROSS RECEIPTS	$	$ 234,292,000
SELECTIVE SALES AND GROSS RECEIPTS		
ALCOHOLIC BEVERAGES		29,915,000
TOBACCO PRODUCTS		23,579,000
INSURANCE		5,946,000
PUBLIC UTILITIES		20,837,000
OTHER	112,841,000	
STATE DEATH AND GIFT		20,545,000
GENERAL PROPERTY		187,984,000
INDIVIDUAL INCOME	481,371,000	
CORPORATE INCOME		112,671,000
STATE ALCOHOLIC BEVERAGE LICENSE		3,292,000
MOTOR VEHICLE LICENSE		8,308,000
MOTOR FUELS	25,794,000	
SEVERANCE		9,397,000
TRANSFER	3,712,000	
TOTALS	$ 623,718,000	$ 656,751,000
NET UNUTILIZED POTENTIAL (EXCESS OF "BELOW AVERAGE" YIELDS OVER "ABOVE AVERAGE" YIELDS)	+$ 33,032,000	

Amounts shown in the first column indicate extent to which the designated taxes are given "above average" utilization compared with the nation. Amounts shown in the second column indicate extent to which this group of taxes is given "below average" utilization compared with the nation (these amounts correspond to those entries on Tables 1-16 which are shown as minus quantities). The bottom line is the difference between column totals and shows how much more revenue the states' taxes would yield if the average rates in the nation were applied. Table is derived from basic tables 1-10.

TABLE C (Continued)

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
MISSISSIPPI, 1978

TYPE OF TAX	AMOUNT COLLECTED DUE TO ABOVE AVERAGE RATE	AMOUNT COLLECTED DUE TO BELOW AVERAGE RATE
GENERAL SALES AND GROSS RECEIPTS	$ 207,141,000	$
SELECTIVE SALES AND GROSS RECEIPTS		
ALCOHOLIC BEVERAGES	16,186,000	
TOBACCO PRODUCTS	1,838,000	
INSURANCE	9,439,000	
PUBLIC UTILITIES		23,906,000
OTHER		15,578,000
STATE DEATH AND GIFT		9,538,000
GENERAL PROPERTY		222,335,000
INDIVIDUAL INCOME		162,387,000
CORPORATE INCOME		41,153,000
STATE ALCOHOLIC BEVERAGE LICENSE	646,000	
MOTOR VEHICLE LICENSE		28,448,000
MOTOR FUELS	31,067,000	
SEVERANCE	6,228,000	
TRANSFER		8,448,000
TOTALS	$ 272,544,000	$ 511,792,000
NET UNUTILIZED POTENTIAL (EXCESS OF "BELOW AVERAGE" YIELDS OVER "ABOVE AVERAGE" YIELDS)	+$ 239,248,000	

Amounts shown in the first column indicate extent to which the designated taxes are given "above average" utilization compared with the nation. Amounts shown in the second column indicate extent to which this group of taxes is given "below average" utilization compared with the nation (these amounts correspond to those entries on Tables 1-16 which are shown as minus quantities). The bottom line is the difference between column totals and shows how much more revenue the states' taxes would yield if the average rates in the nation were applied. Table is derived from basic tables 1-10.

TABLE C (Continued)

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
NORTH CAROLINA, 1978

TYPE OF TAX	AMOUNT COLLECTED DUE TO ABOVE AVERAGE RATE	AMOUNT COLLECTED DUE TO BELOW AVERAGE RATE
GENERAL SALES AND GROSS RECEIPTS	$	$ 185,034,000
SELECTIVE SALES AND GROSS RECEIPTS		
ALCOHOLIC BEVERAGES	30,212,000	
TOBACCO PRODUCTS		62,914,000
INSURANCE	5,485,000	
PUBLIC UTILITIES	93,120,000	
OTHER		27,927,000
STATE DEATH AND GIFT		3,502,000
GENERAL PROPERTY		607,845,000
INDIVIDUAL INCOME		26,278,000
CORPORATE INCOME		25,739,000
STATE ALCOHOLIC BEVERAGE LICENSE		2,960,000
MOTOR VEHICLE LICENSE		18,951,000
MOTOR FUELS	35,504,000	
SEVERANCE		9,860,000
TRANSFER		23,326,000
TOTALS	$ 164,322,000	$ 994,035,000
NET UNUTILIZED POTENTIAL (EXCESS OF "BELOW AVERAGE" YIELDS OVER "ABOVE AVERAGE" YIELDS)	+$ 829,713,000	

Amounts shown in the first column indicate extent to which the designated taxes are given "above average" utilization compared with the nation. Amounts shown in the second column indicate extent to which this group of taxes is given "below average" utilization compared with the nation (these amounts correspond to those entries on Tables 1-16 which are shown as minus quantities). The bottom line is the difference between column totals and shows how much more revenue the states' taxes would yield if the average rates in the nation were applied. Table is derived from basic tables 1-10.

TABLE C (Continued)

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
SOUTH CAROLINA, 1978

TYPE OF TAX	AMOUNT COLLECTED DUE TO ABOVE AVERAGE RATE	AMOUNT COLLECTED DUE TO BELOW AVERAGE RATE
GENERAL SALES AND GROSS RECEIPTS	$ 17,291,000	$
SELECTIVE SALES AND GROSS RECEIPTS		
ALCOHOLIC BEVERAGES	46,480,000	
TOBACCO PRODUCTS		12,730,000
INSURANCE	4,072,000	
PUBLIC UTILITIES		13,340,000
OTHER		9,342,000
STATE DEATH AND GIFT		10,622,000
GENERAL PROPERTY		305,994,000
INDIVIDUAL INCOME		79,945,000
CORPORATE INCOME		3,213,000
STATE ALCOHOLIC BEVERAGE LICENSE	256,000	
MOTOR VEHICLE LICENSE		31,102,000
MOTOR FUELS	21,431,000	
SEVERANCE		6,655,000
TRANSFER		2,613,000
TOTALS	$ 91,531,000	$ 475,555,000
NET UNUTILIZED POTENTIAL (EXCESS OF "BELOW AVERAGE" YIELDS OVER "ABOVE AVERAGE" YIELDS)	+$ 384,024,000	

Amounts shown in the first column indicate extent to which the designated taxes are given "above average" utilization compared with the nation. Amounts shown in the second column indicate extent to which this group of taxes is given "below average" utilization compared with the nation (these amounts correspond to those entries on Tables 1-16 which are shown as minus quantities). The bottom line is the difference between column totals and shows how much more revenue the states' taxes would yield if the average rates in the nation were applied. Table is derived from basic tables 1-10.

TABLE C (Continued)

UTILIZATION OF STATE AND LOCAL TAX ABILITY, TENNESSEE, 1978

TYPE OF TAX	AMOUNT COLLECTED DUE TO ABOVE AVERAGE RATE	AMOUNT COLLECTED DUE TO BELOW AVERAGE RATE
GENERAL SALES AND GROSS RECEIPTS	$ 350,875,000	$
SELECTIVE SALES AND GROSS RECEIPTS		
ALCOHOLIC BEVERAGES	33,151,000	
TOBACCO PRODUCTS	8,574,000	
INSURANCE	8,535,000	
PUBLIC UTILITIES	62,369,000	
OTHER	13,802,000	
STATE DEATH AND GIFT	26,987,000	
GENERAL PROPERTY		466,356,000
INDIVIDUAL INCOME		644,517,000
CORPORATE INCOME		24,965,000
STATE ALCOHOLIC BEVERAGE LICENSE		1,982,000
MOTOR VEHICLE LICENSE	4,305,000	
MOTOR FUELS		19,752,000
SEVERANCE		18,264,000
TRANSFER	1,889,000	
TOTALS	$ 510,888,000	$ 1,175,537,000
NET UNUTILIZED POTENTIAL (EXCESS OF "BELOW AVERAGE" YIELDS OVER "ABOVE AVERAGE" YIELDS)	+$ 664,649,000	

Amounts shown in the first column indicate extent to which the designated taxes are given "above average" utilization compared with the nation. Amounts shown in the second column indicate extent to which this group of taxes is given "below average" utilization compared with the nation (these amounts correspond to those entries on Tables 1-16 which are shown as minus quantities). The bottom line is the difference between column totals and shows how much more revenue the states' taxes would yield if the average rates in the nation were applied. Table is derived from basic tables 1-10.

TABLE C (Continued)

UTILIZATION OF STATE AND LOCAL TAX ABILITY, TEXAS, 1978

TYPE OF TAX	AMOUNT COLLECTED DUE TO ABOVE AVERAGE RATE	AMOUNT COLLECTED DUE TO BELOW AVERAGE RATE
GENERAL SALES AND GROSS RECEIPTS	$	$ 61,409,000
SELECTIVE SALES AND GROSS RECEIPTS		
ALCOHOLIC BEVERAGES		369,000
TOBACCO PRODUCTS	81,640,000	
INSURANCE		7,193,000
PUBLIC UTILITIES	123,346,000	
OTHER	327,620,000	
STATE DEATH AND GIFT		28,047,000
GENERAL PROPERTY		539,557,000
INDIVIDUAL INCOME		2,317,632,000
CORPORATE INCOME		677,982,000
STATE ALCOHOLIC BEVERAGE LICENSE		1,487,000
MOTOR VEHICLE LICENSE	4,858,000	
MOTOR FUELS		249,912,000
SEVERANCE	222,142,000	
TRANSFER		61,023,000
TOTALS	$ 759,606,000	$ 3,944,610,000
NET UNUTILIZED POTENTIAL (EXCESS OF "BELOW AVERAGE" YIELDS OVER "ABOVE AVERAGE" YIELDS)	+$ 3,185,004,000	

Amounts shown in the first column indicate extent to which the designated taxes are given "above average" utilization compared with the nation. Amounts shown in the second column indicate extent to which this group of taxes is given "below average" utilization compared with the nation (these amounts correspond to those entries on Tables 1-16 which are shown as minus quantities). The bottom line is the difference between column totals and shows how much more revenue the states' taxes would yield if the average rates in the nation were applied. Table is derived from basic tables 1-10.

TABLE C (Continued)

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
VIRGINIA, 1978

TYPE OF TAX	AMOUNT COLLECTED DUE TO ABOVE AVERAGE RATE	AMOUNT COLLECTED DUE TO BELOW AVERAGE RATE
GENERAL SALES AND GROSS RECEIPTS	$	$ 330,983,000
SELECTIVE SALES AND GROSS RECEIPTS		
ALCOHOLIC BEVERAGES	34,088,000	
TOBACCO PRODUCTS		56,236,000
INSURANCE	2,819,000	
PUBLIC UTILITIES	116,476,000	
OTHER	41,126,000	
STATE DEATH AND GIFT		19,004,000
GENERAL PROPERTY		451,370,000
INDIVIDUAL INCOME		59,541,000
CORPORATE INCOME		108,540,000
STATE ALCOHOLIC BEVERAGE LICENSE		2,426,000
MOTOR VEHICLE LICENSE	16,213,000	
MOTOR FUELS	37,391,000	
SEVERANCE		61,835,000
TRANSFER	4,974,000	
TOTALS	$ 253,088,000	$ 1,089,937,000
NET UNUTILIZED POTENTIAL (EXCESS OF "BELOW AVERAGE" YIELDS OVER "ABOVE AVERAGE" YIELDS)	+$ 836,849,000	

Amounts shown in the first column indicate extent to which the designated taxes are given "above average" utilization compared with the nation. Amounts shown in the second column indicate extent to which this group of taxes is given "below average" utilization compared with the nation (these amounts correspond to those entries on Tables 1-16 which are shown as minus quantities). The bottom line is the difference between column totals and shows how much more revenue the states' taxes would yield if the average rates in the nation were applied. Table is derived from basic tables 1-10.

TABLE C (Continued)

UTILIZATION OF STATE AND LOCAL TAX ABILITY, WEST VIRGINIA, 1978

TYPE OF TAX	AMOUNT COLLECTED DUE TO ABOVE AVERAGE RATE	AMOUNT COLLECTED DUE TO BELOW AVERAGE RATE
GENERAL SALES AND GROSS RECEIPTS	$ 187,433,000	$
SELECTIVE SALES AND GROSS RECEIPTS		
ALCOHOLIC BEVERAGES	4,428,000	
TOBACCO PRODUCTS	2,275,000	
INSURANCE	4,456,000	
PUBLIC UTILITIES		36,208,000
OTHER	46,717,000	
STATE DEATH AND GIFT		434,000
GENERAL PROPERTY		244,937,000
INDIVIDUAL INCOME		100,713,000
CORPORATE INCOME		61,964,000
STATE ALCOHOLIC BEVERAGE LICENSE	508,000	
MOTOR VEHICLE LICENSE	2,491,000	
MOTOR FUELS	6,131,000	
SEVERANCE		159,490,000
TRANSFER		4,621,000
TOTALS	$ 254,439,000	$ 606,337,000
NET UNUTILIZED POTENTIAL (EXCESS OF "BELOW AVERAGE" YIELDS OVER "ABOVE AVERAGE" YIELDS)	+$ 353,858,000	

Amounts shown in the first column indicate extent to which the designated taxes are given "above average" utilization compared with the nation. Amounts shown in the second column indicate extent to which this group of taxes is given "below average" utilization compared with the nation (these amounts correspond to those entries on Tables 1-16 which are shown as minus quantities). The bottom line is the difference between column totals and shows how much more revenue the states' taxes would yield if the average rates in the nation were applied. Table is derived from basic tables 1-10.

TABLE C (Continued)

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
SREB STATES, 1978

TYPE OF TAX	AMOUNT COLLECTED DUE TO ABOVE AVERAGE RATE	AMOUNT COLLECTED DUE TO BELOW AVERAGE RATE
GENERAL SALES AND GROSS RECEIPTS	$ 1,262,216,000	$ 873,675,000
SELECTIVE SALES AND GROSS RECEIPTS		
ALCOHOLIC BEVERAGES	447,941,000	55,703,000
TOBACCO PRODUCTS	213,929,000	184,914,000
INSURANCE	97,133,000	23,811,000
PUBLIC UTILITIES	731,885,000	237,073,000
OTHER	629,758,000	149,858,000
STATE DEATH AND GIFT	28,987,000	191,188,000
GENERAL PROPERTY		5,955,905,000
INDIVIDUAL INCOME	481,371,000	5,871,344,000
CORPORATE INCOME	7,121,000	1,386,087,000
STATE ALCOHOLIC BEVERAGE LICENSE	8,086,000	17,040,000
MOTOR VEHICLE LICENSE	54,755,000	262,843,000
MOTOR FUELS	231,162,000	278,375,000
SEVERANCE	301,890,000	323,853,000
TRANSFER	130,798,000	158,263,000
TOTALS	$ 4,626,033,000	$ 15,969,932,000
NET UNUTILIZED POTENTIAL (EXCESS OF "BELOW AVERAGE" YIELDS OVER "ABOVE AVERAGE" YIELDS)		+$ 11,343,899,000

capacity and exploit human and natural resources more fully.

Other factors accounting for variety among tax structures are socially oriented. Populations differ in their inclinations to participate in certain activities. There is a relative disinclination in some areas for the residents to consume alcoholic beverages or to engage in gambling activities, and public officials are reluctant to authorize and tax such activities. Nevada has profitably exploited its gambling industry, however, and several states have, perhaps somewhat reluctantly, joined the march toward state lotteries and Nevada-type gambling, as revenue pressures mount. Currently, at least 14 states employ lottery and gambling taxes; betting on racing is taxed in 31 states, dog racing in 11, and jai alai in five.

Tax equity is rapidly become a factor in tax policy and tax effort. This may help explain the gradual shift from regressive consumption and property taxes to taxes based on income. The shift is slow because of the lack of understanding of the more disadvantaged but politically powerful taxpayers. Also state tax revisions towards greater progressiveness may be slowed in order to balance the progressiveness of taxes at the federal level.

In using the findings of this report it also must be recognized that governmental dependence on taxation is complemented by the use of nontax revenue sources. Public officials sometimes decide to finance a public function by user fees instead of general taxes when the user can be identified and the charge closely associated with the cost of the service. This reduces pressures on the tax base.

Finally, the study is not intended to suggest that each state should maintain its current overutilization of some taxes and increase collections of underutilized taxes or introduce taxes now not used. Taxpayers paying high taxes of one type (e.g., consumption) are correspondingly limited in paying other taxes (e.g., income or property). A review of net over- or underutilization in conjunction with the urgency of public needs is appropriate in establishing tax levels.

STATE-LOCAL BUDGETARY PROSPECTS

While the state-local tax take for 1977 showed moderate real growth in 1977 over 1976 and substantial budgetary surpluses in several states, the budgetary outlook for the following three years is less bright. The decline and fall of state-local surpluses between 1977 and 1980 can be attributed primarily to three factors: tax limitations and reduction enactments, the depressed state of the economy, and inflation. Taken together, they threaten to generate a significant state-local fiscal squeeze. Data Resource Incorporated and the U.S. Department of Commerce estimates indicate that state and local governments dipped into the red in the second quarter of 1979 by $6.1 billion.* Red ink is expected throughout 1980. As increasing deficits are experienced, the tax stringency will be released and the decline in real tax growth will be arrested and reversed, possibly by mid-1980 or 1981.

Tax Limitations and Reductions

As expected, Tennessee's constitutional state spending limitation of March 1978 and California's June 1978 Proposition 13 limiting local taxation generated a spate of enactments to limit or reduce state and local taxes and expenditures. Some, but not all, were in the form of constitutional amendments. Several actions were limited in time, designed primarily to absorb large state surpluses. Others were designed to reduce the

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* Business Week, October 1, 1979, p. 44.

elasticity of the tax systems. The results, as expected, are rapidly disappearing state surpluses.

Several states have enacted comprehensive tax or expenditure limits and others are expected to act in 1980. Some of these limitations are aimed at both state and local governments.

Legislative or initiative actions directed at particular taxes are more numerous than blanket limitations. According to the ACIR, at least 25 states enacted measures in 1979 to expand property tax relief programs, 14 to reduce general sales taxes, and 19 to reduce personal income taxes or limit their growth potential. Only a few enactments increased tax revenues. These were found primarily in the selective sales taxes. Perhaps the largest dollar reductions were in California, New York, and Wisconsin--all states with high surpluses. Their surpluses are rapidly disappearing and threaten to fade away in a short time. All told, almost three-fourths of the states took significant action to reduce one or more taxes in 1979.

Effects of Economic Slowdown and Inflation on State-Local Budgets

In view of current projections for economic growth and inflation, conditions appear to be right for a sharpening of a state-local budgetary crisis. These projections call for little or no economic growth and a rapid but slightly declining rate of inflation. It is generally believed that inflation and real growth stimulate revenues concurrently but expenditures lag. As inflation and real growth rates decline, revenue growth rates decline immediately while expenditure pressures are still rising. We then find the possibility of declining revenues and rising expenditure

pressures occurring simultaneously. The virtual disappearance of state surpluses and tax limitations and reductions merely compounds the problems states will have in meeting their expenditure needs.

Tax Utilization

State-local taxes accounted for 12.1 percent of personal income in 1978. Because of the tax actions cited above, this percentage is likely to remain steady or to decline in the next half-decade. It is not clear, however, whether utilization of the computed ability will increase or decline. As states approach tax uniformity in rates and impositions, effort approaches ability. Because a few states with significant over-utilizations in recent years are leading the parade for tax limitations and reductions, it is likely that more tax homogeneity will result and the net underutilization decline. Both effort and ability as percentages of personal income will probably decline in 1979 and 1980 after remaining in 1978 relatively constant at the 1977 level. As states and local governments experience increasing budget pressures, tax increases will become more common and the decline in tax effort will be arrested and reversed.

BASIC TABULATIONS

(Tables 1-19)

TABLE 1

POPULATION, PERSONAL INCOME AND STATE AND LOCAL GENERAL SALES AND GROSS RECEIPTS TAX REVENUE FOR STATES, REGIONS AND THE UNITED STATES, 1978
(EFFORT & ABILITY AMOUNTS IN THOUSANDS)

STATE AND REGION	POPULATION JULY 1, 1978 (THOUSANDS)	PERSONAL INCOME FY1978 (MILLIONS)	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY ((-) OVERUTILIZATION)
NEW ENGLAND STATES	12,257	$ 92,920	$ 1,525,327	$ 2,446,214	$ 920,887
1 CONNECTICUT	3,099	26,402	645,274	695,064	49,790
2 MAINE	1,091	6,595	185,989	173,608	-12,380
3 MASSACHUSETTS	5,774	44,216	520,698	1,164,038	643,340
4 NEW HAMPSHIRE	871	5,564	--	156,996	156,996
5 RHODE ISLAND	935	6,735	140,601	177,307	36,706
6 VERMONT	487	3,009	32,765	79,202	46,437
MIDDLE ATLANTIC STATES	37,408	$ 296,312	$ 7,063,265	$ 7,800,753	$ 737,488
7 DELAWARE	583	4,763	--	125,392	125,392
8 NEW JERSEY	7,327	62,145	1,003,475	1,636,139	632,664
9 NEW YORK	17,748	141,585	4,306,606	3,737,928	-568,677
10 PENNSYLVANIA	11,750	87,415	1,753,184	2,301,296	548,112
NORTH CENTRAL STATES	58,253	$ 443,126	$ 9,965,022	$ 11,665,817	$ 1,700,795
11 ILLINOIS	11,243	92,316	2,454,204	2,430,313	-23,890
12 INDIANA	5,374	39,187	1,120,732	1,031,637	-89,094
13 IOWA	2,896	21,678	376,212	570,686	194,474
14 KANSAS	2,348	17,483	364,876	460,254	95,378
15 MICHIGAN	9,189	74,407	1,586,897	1,958,851	371,954
16 MINNESOTA	4,008	25,680	540,778	786,633	245,855
17 MISSOURI	4,860	33,972	847,729	894,359	46,630
18 NEBRASKA	1,565	11,070	265,784	291,418	25,634
19 NORTH DAKOTA	652	4,345	97,471	114,381	16,910
20 OHIO	10,749	80,553	1,420,120	2,120,659	700,539
21 SOUTH DAKOTA	690	4,728	127,995	124,470	-3,524
22 WISCONSIN	4,679	33,509	762,224	882,157	119,933
SREB STATES	66,491	$ 440,468	$ 11,985,363	$ 11,595,822	$ -389,540
23 ALABAMA	3,742	22,107	659,685	581,979	-77,705
24 ARKANSAS	2,186	12,669	315,942	333,520	17,578
25 FLORIDA	8,594	60,757	1,647,147	1,599,492	-47,654

TABLE 1 (CONTINUED)

STATE AND REGION	POPULATION JULY 1, 1978 (THOUSANDS)	PERSONAL INCOME FY1978 (MILLIONS)	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY ((-) OVERUTILIZATION)
SREB STATES (CONTINUED)					
26 GEORGIA	5,084	32,395	908,310	852,830	-55,479
27 KENTUCKY	3,498	21,863	531,189	575,569	44,380
28 LOUISIANA	3,966	24,597	967,174	647,538	-319,635
29 MARYLAND	4,143	32,754	627,989	862,281	234,292
30 MISSISSIPPI	2,404	12,838	545,116	337,975	-207,140
31 NORTH CAROLINA	5,577	34,991	736,132	921,166	185,034
32 SOUTH CAROLINA	2,918	17,252	471,477	454,186	-17,290
33 TENNESSEE	4,357	26,782	1,055,949	705,074	-350,874
34 TEXAS	13,014	92,731	2,379,830	2,441,239	61,409
35 VIRGINIA	5,148	37,385	653,208	984,191	330,983
36 WEST VIRGINIA	1,860	11,349	486,215	298,782	-187,432
MOUNTAIN STATES	13,170	$ 89,102	$ 2,841,867	$ 2,345,771	$ -496,145
37 ARIZONA	2,354	15,897	693,837	418,514	-275,322
38 COLORADO	2,670	19,735	663,603	519,554	-144,048
39 IDAHO	878	5,484	118,867	144,373	25,506
40 MONTANA	785	5,027	--	132,328	132,328
41 NEVADA	660	5,461	166,202	143,774	-22,427
42 NEW MEXICO	1,212	7,394	342,404	194,662	-147,741
43 OKLAHOMA	2,880	18,745	410,155	493,471	83,316
44 UTAH	1,307	7,952	314,330	209,352	-104,977
45 WYOMING	424	3,407	132,469	89,693	-42,775
PACIFIC STATES	29,812	$ 240,388	$ 7,934,558	$ 6,328,489	$-1,606,068
46 ALASKA	403	4,119	34,800	108,424	73,624
47 CALIFORNIA	22,294	182,382	6,020,498	4,801,406	-1,219,091
48 HAWAII	897	7,056	367,321	185,764	-181,556
49 OREGON	2,444	17,645	--	464,525	464,525
50 WASHINGTON	3,774	29,187	1,511,939	768,369	-743,569
DISTRICT OF COLUMBIA	674	$ 6,440	$ 157,700	$ 169,527	$ 11,827
ALL STATES INCLUDING DISTRICT OF COLUMBIA	218,065	$ 1,608,755	$ 41,473,102	$ 42,352,343	$ 879,241

TABLE 2

STATE AND LOCAL SELECTIVE SALES AND GROSS RECEIPTS TAX REVENUE, FOR STATES, REGIONS, AND THE UNITED STATES, 1978
(IN THOUSANDS)

STATE AND REGION	ALCOHOLIC BEVERAGES			TOBACCO PRODUCTS		
	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY
NEW ENGLAND STATES	$ 180,791	$ 164,766	$ -16,024	$ 303,399	$ 218,630	$ -84,768
1 CONNECTICUT	25,291	46,816	21,525	76,067	62,121	-13,945
2 MAINE	25,603	11,693	-13,909	24,364	15,516	-8,847
3 MASSACHUSETTS	79,631	78,404	-1,226	142,972	104,036	-38,935
4 NEW HAMPSHIRE	30,036	10,575	-19,460	26,528	14,031	-12,496
5 RHODE ISLAND	7,490	11,943	4,453	24,076	15,847	-8,228
6 VERMONT	12,740	5,335	-7,404	9,392	7,079	-2,312
MIDDLE ATLANTIC STATES	$ 349,811	$ 525,425	$ 175,614	$ 827,976	$ 697,191	$ -130,784
7 DELAWARE	4,538	8,446	3,908	12,401	11,207	-1,193
8 NEW JERSEY	54,950	110,203	55,253	168,940	146,230	-22,709
9 NEW YORK	150,590	251,770	101,180	395,498	334,077	-61,420
10 PENNSYLVANIA	139,733	155,005	15,272	251,137	205,678	-45,458
NORTH CENTRAL STATES	$ 669,181	$ 785,758	$ 116,577	$ 991,114	$ 1,042,630	$ 51,516
11 ILLINOIS	97,566	163,695	66,129	198,769	217,209	18,440
12 INDIANA	31,864	69,487	37,623	79,893	92,202	12,309
13 IOWA	43,688	38,439	-5,248	47,003	51,005	4,002
14 KANSAS	23,136	31,001	7,865	32,169	41,135	8,966
15 MICHIGAN	161,032	131,940	-29,091	140,739	175,072	34,333
16 MINNESOTA	52,643	52,984	341	84,696	70,305	-14,390
17 MISSOURI	24,370	60,240	35,870	79,756	79,933	177
18 NEBRASKA	11,662	19,629	7,967	22,489	26,045	3,556
19 NORTH DAKOTA	6,198	7,704	1,506	8,692	10,223	1,531
20 OHIO	167,412	142,838	-24,573	202,750	189,533	-13,216
21 SOUTH DAKOTA	7,317	8,384	1,067	9,181	11,124	1,943
22 WISCONSIN	42,293	59,418	17,125	84,977	78,843	-6,133
SREB STATES	$ 1,173,282	$ 781,044	$ -392,237	$ 1,065,389	$ 1,036,374	$ -29,014
23 ALABAMA	95,037	39,200	-55,836	60,567	52,014	-8,552
24 ARKANSAS	20,710	22,464	1,754	48,843	29,808	-19,034
25 FLORIDA	245,542	107,735	-137,806	232,480	142,954	-89,525

TABLE 2 (CONTINUED)

STATE AND REGION	ALCOHOLIC BEVERAGES EFFORT (COLLECTIONS)	ALCOHOLIC BEVERAGES ABILITY (TAX YIELD AT AVERAGE RATE)	ALCOHOLIC BEVERAGES NET UNUTILIZED ABILITY	TOBACCO PRODUCTS EFFORT (COLLECTIONS)	TOBACCO PRODUCTS ABILITY (TAX YIELD AT AVERAGE RATE)	TOBACCO PRODUCTS NET UNUTILIZED ABILITY
SREB STATES (CONTINUED)						
26 GEORGIA	137,581	57,443	-80,137	77,173	76,221	-951
27 KENTUCKY	15,108	38,768	23,660	21,986	51,441	29,455
28 LOUISIANA	51,227	43,615	-7,611	59,011	57,874	-1,136
29 MARYLAND	28,160	58,079	29,919	53,487	77,066	23,579
30 MISSISSIPPI	38,951	22,765	-16,185	32,044	30,206	-1,837
31 NORTH CAROLINA	92,258	62,046	-30,211	19,415	82,329	62,914
32 SOUTH CAROLINA	79,072	30,592	-48,479	27,863	40,593	12,730
33 TENNESSEE	80,642	47,491	-33,150	71,990	63,016	-8,973
34 TEXAS	164,062	164,431	369	299,825	218,185	-81,639
35 VIRGINIA	100,379	66,291	-34,087	31,726	87,962	56,236
36 WEST VIRGINIA	24,553	20,125	-4,427	28,979	26,704	-2,274
MOUNTAIN STATES	$ 148,964	$ 157,997	$ 9,033	$ 196,798	$ 209,648	$ 12,850
37 ARIZONA	19,149	28,189	9,040	36,791	37,405	614
38 COLORADO	21,079	34,995	13,916	48,219	46,435	-1,783
39 IDAHO	15,113	9,724	-5,388	8,104	12,903	4,799
40 MONTANA	17,885	8,913	-8,971	11,425	11,827	402
41 NEVADA	11,136	9,684	-1,451	11,311	12,850	1,539
42 NEW MEXICO	7,697	13,112	5,415	14,051	17,398	3,347
43 OKLAHOMA	36,460	33,238	-3,221	54,075	44,104	-9,970
44 UTAH	16,682	14,101	-2,580	7,985	18,711	10,726
45 WYOMING	3,763	6,041	2,278	4,837	8,016	3,179
PACIFIC STATES	$ 321,039	$ 426,259	$ 105,220	$ 389,357	$ 565,608	$ 176,251
46 ALASKA	7,572	7,303	-268	4,627	9,690	5,063
47 CALIFORNIA	132,086	323,402	191,316	281,257	429,125	147,868
48 HAWAII	18,044	12,512	-5,531	10,976	16,603	5,627
49 OREGON	55,969	31,288	-24,680	32,496	41,517	9,021
50 WASHINGTON	107,368	51,754	-55,613	60,001	68,673	8,672
DISTRICT OF COLUMBIA	$ 9,600	$ 11,419	$ 1,819	$ 11,200	$ 15,151	$ 3,951
ALL STATES INCLUDING DISTRICT OF COLUMBIA	$ 2,852,668	$ 2,852,668	$ 0	$ 3,785,233	$ 3,785,233	$ 0

TABLE 2 (CONTINUED)

	INSURANCE TAXES			PUBLIC UTILITIES			OTHER SELECTIVE SALES TAXES		
	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY
$	193,062 $	154,941 $	-38,120 $	177,625 $	343,114 $	165,489 $	236,111 $	132,777 $	-103,333
C1	52,647	44,025	-8,621	115,981	57,492	-18,488	11,028	37,727	26,699
C2	10,370	10,990	620	14,951	24,351	9,400	--	9,423	9,423
C3	103,226	73,729	-29,496	--	163,272	103,272	180,885	63,182	-117,702
C4	10,092	9,944	-147	3,330	22,021	18,691	21,791	8,521	-13,269
C5	11,542	11,230	-311	31,087	24,870	-6,816	68	9,624	9,556
C6	5,185	5,017	-167	11,676	11,109	-566	22,339	4,299	-18,039
$	425,356 $	444,652 $	68,730 $	1,319,500 $	1,094,159 $	-225,340 $	278,045 $	423,412 $	145,369
C7	9,095	7,942	-1,152	21,412	17,588	-3,823	1,043	6,806	5,763
C8	74,610	103,631	29,021	417,067	229,490	-187,576	20,828	88,807	67,979
C9	203,840	236,757	32,917	553,410	524,294	-29,115	245,142	202,889	-42,252
10	137,811	145,762	7,951	327,611	322,787	-4,823	11,030	124,911	113,881
$	591,948 $	738,901 $	146,953 $	1,317,720 $	1,036,285 $	318,565 $	179,602 $	633,202 $	453,600
11	85,376	153,934	68,558	562,417	340,884	-221,532	57,204	131,913	74,709
12	51,114	65,343	14,229	2,900	144,701	141,801	1,972	55,996	54,024
13	35,836	36,147	311	22,700	80,046	57,346	286	30,971	30,688
14	28,557	29,152	595	40,612	64,557	23,945	893	24,982	24,089
15	99,755	124,072	24,317	33,000	274,755	241,755	350	106,323	105,973
16	53,607	49,825	-3,781	84,206	110,336	26,130	88,629	42,697	-45,931
17	54,134	56,648	2,514	136,892	125,446	-7,445	3,700	48,544	44,844
18	17,106	18,458	1,352	65,200	40,875	-24,324	1,513	15,818	14,305
19	7,457	7,245	-211	5,905	16,043	10,138	2,972	6,208	3,236
20	110,784	134,320	23,536	296,903	297,450	547	7,900	115,106	107,206
21	9,013	7,884	-1,128	2,364	17,459	15,095	12,185	6,756	-5,428
22	39,209	55,875	16,666	66,621	123,734	55,113	1,996	47,882	45,886
$	807,790 $	734,468 $	-73,321 $	2,121,280 $	1,626,468 $	-494,811 $	1,109,303 $	629,403 $	-479,899
23	58,323	36,862	-21,460	197,647	81,630	-116,016	30,987	31,589	602
24	24,606	21,125	-3,480	32,800	46,781	13,981	1,700	18,103	16,403
25	90,638	101,310	10,672	444,907	224,350	-220,556	43,026	86,818	43,792

TABLE 2 (CONTINUED)

	INSURANCE TAXES			PUBLIC UTILITIES			OTHER SELECTIVE SALES TAXES		
	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY
26	57,457	54,017	-3,439	60,400	119,621	59,221	19,300	46,290	26,990
27	49,927	36,456	-13,470	37,000	80,731	43,731	118,894	31,241	-87,652
28	61,487	41,014	-20,472	64,976	90,826	25,850	25,924	35,147	9,223
29	48,670	54,616	5,946	100,109	120,946	20,837	159,644	46,803	-112,840
30	30,846	21,407	-9,438	23,500	47,406	23,906	2,767	18,345	15,578
31	63,831	58,346	-5,484	222,326	129,206	-93,119	22,072	49,999	27,927
32	32,840	28,768	-4,071	50,366	63,706	13,340	15,310	24,652	9,342
33	53,194	44,659	-8,534	161,265	98,896	-62,368	52,072	38,270	-13,801
34	147,433	154,626	7,193	465,762	342,416	-123,345	460,127	132,507	-327,619
35	65,157	62,338	-2,818	254,522	138,046	-116,475	94,546	53,420	-41,125
36	23,381	18,925	-4,455	5,700	41,908	36,208	62,934	16,217	-46,716
	$ 174,235	$ 148,576	$ -25,658	$ 288,279	$ 329,018	$ 40,739	$ 192,584	$ 127,322	$ -65,261
37	23,720	26,508	2,788	107,183	58,702	-48,480	6,200	22,716	16,516
38	31,134	32,908	1,774	46,409	72,874	26,465	5,580	28,201	22,621
39	13,308	9,144	-4,163	8,010	20,250	12,240	--	7,836	7,836
40	12,738	8,382	-4,355	5,155	18,561	13,406	1,624	7,183	5,559
41	9,180	9,106	-73	12,454	20,166	7,712	113,814	7,806	-106,009
42	15,229	12,330	-2,898	19,620	27,304	7,684	18,141	10,566	-7,574
43	48,974	31,256	-17,717	67,559	69,216	1,657	45,725	26,785	-18,939
44	14,223	13,260	-962	17,789	29,364	11,575	1,500	11,363	9,863
45	5,729	5,681	-47	4,100	12,581	8,481	--	4,868	4,868
	$ 477,464	$ 400,840	$ -76,623	$ 491,701	$ 887,654	$ 395,953	$ 231,363	$ 343,500	$ 112,137
46	10,002	6,867	-3,134	6,652	15,208	8,556	21,975	5,885	-16,089
47	387,603	304,116	-83,486	294,818	673,461	378,643	121,457	260,613	139,156
48	16,060	11,766	-4,293	40,402	26,056	-14,345	--	10,083	10,083
49	28,065	29,423	1,358	18,625	65,156	46,531	5,300	25,214	19,914
50	35,734	48,668	12,934	131,204	107,774	-23,429	82,631	41,706	-40,924
	$ 12,700	$ 10,738	$ -1,961	$ 61,100	$ 23,778	$ -37,321	$ 39,600	$ 9,202	$ -30,397
	$ 2,682,555	$ 2,682,555	$ 0	$ 5,777,205	$ 5,940,477	$ 163,272	$ 2,266,606	$ 2,298,817	$ 32,211

TABLE 3

STATE DEATH AND GIFT TAX REVENUE,
FOR STATES, REGIONS AND THE UNITED STATES, 1978
(IN THOUSANDS)

STATE AND REGION	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY (-) OVERUTILIZATION)
NEW ENGLAND STATES	$ 167,083	$ 107,380	$ -59,702
1 CONNECTICUT	49,330	30,511	-18,818
2 MAINE	9,314	7,621	-1,692
3 MASSACHUSETTS	87,944	51,097	-36,846
4 NEW HAMPSHIRE	6,980	6,892	-87
5 RHODE ISLAND	11,231	7,783	-3,447
6 VERMONT	2,284	3,477	1,193
MIDDLE ATLANTIC STATES	$ 427,265	$ 342,424	$ -84,840
7 DELAWARE	6,478	5,504	-973
8 NEW JERSEY	95,690	71,820	-23,869
9 NEW YORK	162,500	164,081	1,581
10 PENNSYLVANIA	162,597	101,018	-61,578
NORTH CENTRAL STATES	$ 390,718	$ 512,086	$ 121,368
11 ILLINOIS	113,023	106,682	-6,340
12 INDIANA	32,786	45,285	12,499
13 IOWA	36,808	25,051	-11,756
14 KANSAS	15,387	20,203	4,816
15 MICHIGAN	45,658	85,986	40,328
16 MINNESOTA	33,098	34,530	1,432
17 MISSOURI	18,541	39,259	20,718
18 NEBRASKA	3,507	12,792	9,285
19 NORTH DAKOTA	3,108	5,021	1,913
20 OHIO	34,143	93,089	58,946
21 SOUTH DAKOTA	5,686	5,464	-221
22 WISCONSIN	48,973	38,723	-10,249
SREB STATES	$ 344,812	$ 509,013	$ 164,201
23 ALABAMA	7,529	25,547	18,018
24 ARKANSAS	2,539	14,640	12,101
25 FLORIDA	45,816	70,212	24,396

TABLE 3 (CONTINUED)

STATE AND REGION	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY ((-) OVERUTILIZATION)
SREB STATES (CONTINUED)			
26 GEORGIA	8,072	37,436	29,364
27 KENTUCKY	21,843	25,265	3,422
28 LOUISIANA	16,230	28,425	12,195
29 MARYLAND	17,306	37,851	20,545
30 MISSISSIPPI	5,298	14,836	9,538
31 NORTH CAROLINA	36,934	40,436	3,502
32 SOUTH CAROLINA	9,315	19,937	10,622
33 TENNESSEE	57,937	30,950	-26,986
34 TEXAS	79,114	107,161	28,047
35 VIRGINIA	24,198	43,202	19,004
36 WEST VIRGINIA	12,681	13,115	434
MOUNTAIN STATES	$ 72,106	$ 102,968	$ 30,862
37 ARIZONA	4,344	18,371	14,027
38 COLORADO	25,384	22,806	-2,577
39 IDAHO	3,750	6,337	2,587
40 MONTANA	6,312	5,809	-502
41 NEVADA	--	6,311	6,311
42 NEW MEXICO	2,535	8,545	6,010
43 OKLAHOMA	23,670	21,662	-2,007
44 UTAH	4,055	9,190	5,135
45 WYOMING	2,056	3,937	1,881
PACIFIC STATES	$ 440,114	$ 277,797	$ -162,316
46 ALASKA	244	4,759	4,515
47 CALIFORNIA	363,356	210,764	-152,591
48 HAWAII	4,042	8,154	4,112
49 OREGON	26,069	20,391	-5,677
50 WASHINGTON	46,403	33,729	-12,673
DISTRICT OF COLUMBIA	$ 10,700	$ 7,442	$ -3,257
ALL STATES INCLUDING DISTRICT OF COLUMBIA	$ 1,852,798	$ 1,859,109	$ 6,311

TABLE 4

STATE AND LOCAL GENERAL PROPERTY TAX REVENUE
FOR STATES, REGIONS AND THE UNITED STATES, 1978
(IN THOUSANDS)

STATE AND REGION	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY (-) OVERUTILIZATION)
NEW ENGLAND STATES	$ 5,533,578	$ 3,836,358	$ -1,697,219
1 CONNECTICUT	1,351,500	1,090,057	-261,442
2 MAINE	316,063	272,266	-43,796
3 MASSACHUSETTS	3,013,745	1,825,541	-1,188,203
4 NEW HAMPSHIRE	342,871	246,214	-96,656
5 RHODE ISLAND	337,309	278,067	-59,241
6 VERMONT	172,090	124,212	-47,877
MIDDLE ATLANTIC STATES	$ 14,559,517	$ 12,233,793	$ -2,325,723
7 DELAWARE	85,000	196,649	111,649
8 NEW JERSEY	3,493,976	2,565,929	-928,046
9 NEW YORK	8,364,619	5,862,131	-2,502,487
10 PENNSYLVANIA	2,615,922	3,609,084	993,162
NORTH CENTRAL STATES	$ 17,093,722	$ 18,295,308	$ 1,201,586
11 ILLINOIS	3,658,332	3,811,421	153,089
12 INDIANA	1,315,150	1,617,899	302,749
13 IOWA	878,592	894,997	16,405
14 KANSAS	785,261	721,809	-63,451
15 MICHIGAN	3,198,780	3,072,034	-126,745
16 MINNESOTA	1,205,860	1,233,663	27,803
17 MISSOURI	948,127	1,402,609	454,482
18 NEBRASKA	547,203	457,025	-90,177
19 NORTH DAKOTA	156,425	179,381	22,956
20 OHIO	2,652,417	3,325,794	673,377
21 SOUTH DAKOTA	222,400	195,204	-27,195
22 WISCONSIN	1,525,175	1,383,472	-141,702
SREB STATES	$ 12,229,632	$ 18,185,537	$ 5,955,905
23 ALABAMA	257,677	912,709	655,032
24 ARKANSAS	257,480	523,053	265,573
25 FLORIDA	1,961,030	2,508,458	547,428

TABLE 4 (CONTINUED)

STATE AND REGION	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY (-) OVERUTILIZATION
SREB STATES (CONTINUED)			
26 GEORGIA	985,114	1,337,479	352,365
27 KENTUCKY	421,666	902,655	480,989
28 LOUISIANA	387,034	1,015,524	628,490
29 MARYLAND	1,164,337	1,352,301	187,964
30 MISSISSIPPI	307,706	530,041	222,335
31 NORTH CAROLINA	836,804	1,444,649	607,845
32 SOUTH CAROLINA	406,298	712,292	305,994
33 TENNESSEE	639,700	1,105,756	466,056
34 TEXAS	3,288,998	3,828,555	539,557
35 VIRGINIA	1,092,120	1,543,490	451,370
36 WEST VIRGINIA	223,668	468,575	244,907
MOUNTAIN STATES	$ 3,349,030	$ 3,678,756	$ 329,726
37 ARIZONA	801,682	656,348	-145,333
38 COLORADO	841,507	814,807	-26,699
39 IDAHO	188,535	226,417	37,882
40 MONTANA	308,629	207,529	-101,099
41 NEVADA	207,851	225,478	17,627
42 NEW MEXICO	149,051	305,286	156,235
43 OKLAHOMA	385,600	773,902	388,302
44 UTAH	268,686	328,324	59,638
45 WYOMING	197,489	140,664	-56,824
PACIFIC STATES	$ 13,458,804	$ 9,924,865	$ -3,533,938
46 ALASKA	325,497	170,040	-155,456
47 CALIFORNIA	11,011,408	7,529,966	-3,481,441
48 HAWAII	155,400	291,331	135,931
49 OREGON	885,570	728,507	-157,062
50 WASHINGTON	1,080,929	1,205,020	124,091
DISTRICT OF COLUMBIA	$ 196,200	$ 265,867	$ 69,667
ALL STATES INCLUDING DISTRICT OF COLUMBIA	$ 66,420,483	$ 66,420,483	$ 0

TABLE 5

STATE AND LOCAL INDIVIDUAL AND CORPORATE INCOME TAX REVENUE,
FOR STATES, REGIONS AND THE UNITED STATES, 1978
(IN THOUSANDS)

STATE AND REGION	INDIVIDUAL INCOME TAXES			CORPORATE INCOME TAXES		
	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY
NEW ENGLAND STATES	$ 1,799,480	$ 2,322,356	$ 522,876	$ 753,416	$ 679,364	$ -74,051
1 CONNECTICUT	75,616	659,871	584,255	199,569	193,033	-6,535
2 MAINE	103,177	164,818	61,641	34,307	48,214	13,907
3 MASSACHUSETTS	1,433,150	1,105,099	-328,050	404,777	323,277	-81,499
4 NEW HAMPSHIRE	9,085	149,047	139,962	52,453	43,601	-8,851
5 RHODE ISLAND	111,965	168,329	56,364	43,610	49,242	5,632
6 VERMONT	66,487	75,192	8,705	18,700	21,996	3,296
MIDDLE ATLANTIC STATES	$ 9,035,451	$ 7,405,780	$-1,629,670	$ 2,571,713	$ 2,166,428	$ -405,284
7 DELAWARE	200,385	119,043	-81,341	41,900	34,824	-7,075
8 NEW JERSEY	778,505	1,553,296	774,791	398,227	454,389	56,162
9 NEW YORK	5,897,345	3,548,666	-2,348,678	1,344,610	1,038,099	-306,510
10 PENNSYLVANIA	2,159,216	2,184,775	25,559	786,976	639,117	-147,858
NORTH CENTRAL STATES	$ 9,394,358	$ 11,075,144	$ 1,680,786	$ 2,936,454	$ 3,239,835	$ 303,381
11 ILLINOIS	1,593,695	2,307,260	713,565	376,098	674,948	298,850
12 INDIANA	578,925	979,402	400,477	192,068	286,507	94,439
13 IOWA	490,210	541,790	51,580	108,961	158,491	49,530
14 KANSAS	241,224	436,950	195,726	128,513	127,822	-690
15 MICHIGAN	1,915,374	1,859,669	-55,704	908,680	544,013	-364,656
16 MINNESOTA	1,074,552	746,803	-327,748	292,853	218,464	-74,388
17 MISSOURI	531,404	849,075	317,671	111,952	248,382	136,430
18 NEBRASKA	173,430	276,662	103,232	47,067	80,933	33,866
19 NORTH DAKOTA	69,171	108,589	39,418	20,921	31,766	10,845
20 OHIO	1,401,694	2,013,284	611,590	461,393	588,950	127,557
21 SOUTH DAKOTA	--	118,168	118,168	2,769	34,568	31,799
22 WISCONSIN	1,324,679	837,491	-487,187	284,979	244,993	-39,985
SREB STATES	$ 5,618,720	$ 11,008,693	$ 5,389,973	$ 1,841,430	$ 3,220,396	$ 1,378,966
23 ALABAMA	341,258	552,512	211,254	83,161	161,628	78,467
24 ARKANSAS	202,939	316,633	113,694	83,528	92,625	9,097
25 FLORIDA	--	1,518,506	1,518,506	256,185	444,212	188,027

TABLE 5 (CONTINUED)

STATE AND REGION	INDIVIDUAL INCOME TAXES EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY	CORPORATE INCOME TAXES EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY
SREB STATES (CONTINUED)						
26 GEORGIA	604,361	809,649	205,288	203,823	236,848	33,025
27 KENTUCKY	537,312	546,426	9,114	138,597	159,847	21,250
28 LOUISIANA	192,276	614,752	422,476	186,956	179,835	-7,120
29 MARYLAND	1,299,992	818,621	-481,370	126,802	239,473	112,671
30 MISSISSIPPI	158,476	320,863	162,387	52,710	93,863	41,153
31 NORTH CAROLINA	848,247	874,525	26,278	230,088	255,827	25,739
32 SOUTH CAROLINA	351,244	431,189	79,945	122,924	126,137	3,213
33 TENNESSEE	24,857	669,374	644,517	170,868	195,833	24,965
34 TEXAS	--	2,317,632	2,317,632	--	677,482	677,982
35 VIRGINIA	874,817	934,358	59,541	164,790	273,333	108,540
36 WEST VIRGINIA	182,941	283,654	100,713	21,014	82,978	61,964
MOUNTAIN STATES	$ 1,346,833	$ 2,226,951	$ 880,118	$ 371,040	$ 651,454	$ 280,414
37 ARIZONA	222,808	397,323	174,515	63,842	116,230	52,388
38 COLORADO	375,341	493,247	117,908	86,202	144,291	58,089
39 IDAHO	138,050	137,063	-986	33,326	40,095	6,769
40 MONTANA	123,621	125,628	2,007	29,239	36,750	7,511
41 NEVADA	--	136,494	136,494	--	39,929	39,929
42 NEW MEXICO	45,992	184,806	138,814	37,608	54,062	16,454
43 OKLAHOMA	252,127	468,485	216,358	91,375	137,047	45,672
44 UTAH	188,894	198,752	9,858	29,448	58,141	28,693
45 WYOMING	--	85,152	85,152	--	24,910	24,910
PACIFIC STATES	$ 5,691,780	$ 6,008,060	$ 316,280	$ 2,264,243	$ 1,757,550	$ -506,692
46 ALASKA	145,828	102,935	-42,852	33,504	30,112	-3,391
47 CALIFORNIA	4,632,488	4,558,298	-74,189	2,076,270	1,333,448	-742,821
48 HAWAII	227,216	176,358	-50,857	28,995	51,590	22,595
49 OREGON	686,248	441,005	-245,242	125,474	129,008	3,534
50 WASHINGTON	--	729,464	729,464	--	213,392	213,392
DISTRICT OF COLUMBIA	$ 216,000	$ 160,944	$ -55,055	$ 67,600	$ 47,081	$ -20,518
ALL STATES INCLUDING DISTRICT OF COLUMBIA	$ 33,102,622	$ 40,207,927	$ 7,105,305	$ 10,805,896	$ 11,762,108	$ 956,212

TABLE 6

STATE ALCOHOLIC BEVERAGE LICENSE TAX REVENUE,
FOR STATES, REGIONS AND THE UNITED STATES, 1978
(IN THOUSANDS)

STATE AND REGION	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY (+-) OVERUTILIZATION)
NEW ENGLAND STATES	$ 8,594	$ 10,018	$ 1,424
1 CONNECTICUT	5,429	2,847	-2,581
2 MAINE	1,240	711	-528
3 MASSACHUSETTS	523	4,767	4,244
4 NEW HAMPSHIRE	822	643	-178
5 RHODE ISLAND	130	726	596
6 VERMONT	450	324	-125
MIDDLE ATLANTIC STATES	$ 47,267	$ 31,547	$ -15,289
7 DELAWARE	426	514	88
8 NEW JERSEY	2,905	6,701	3,796
9 NEW YORK	34,975	15,308	-19,666
10 PENNSYLVANIA	8,931	9,425	494
NORTH CENTRAL STATES	$ 42,613	$ 47,776	$ 5,163
11 ILLINOIS	1,166	9,953	8,787
12 INDIANA	7,945	4,225	-3,719
13 IOWA	4,566	2,337	-2,228
14 KANSAS	856	1,885	1,029
15 MICHIGAN	13,647	8,022	-5,624
16 MINNESOTA	342	3,222	2,880
17 MISSOURI	1,775	3,663	1,888
18 NEBRASKA	135	1,193	1,058
19 NORTH DAKOTA	206	468	262
20 OHIO	11,770	8,685	-3,084
21 SOUTH DAKOTA	123	510	387
22 WISCONSIN	82	3,613	3,531
SREB STATES	$ 38,535	$ 47,489	$ 8,954
23 ALABAMA	2,654	2,383	-270
24 ARKANSAS	796	1,366	570
25 FLORIDA	12,956	6,550	-6,405

TABLE 6 (CONTINUED)

STATE AND REGION	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY (-) OVERUTILIZATION)
SREB STATES (CONTINUED)			
26 GEORGIA	988	3,493	2,505
27 KENTUCKY	1,278	2,357	1,079
28 LOUISIANA	1,914	2,652	738
29 MARYLAND	239	3,531	3,292
30 MISSISSIPPI	2,030	1,384	-645
31 NORTH CAROLINA	812	3,772	2,960
32 SOUTH CAROLINA	2,116	1,860	-255
33 TENNESSEE	906	2,888	1,982
34 TEXAS	8,511	9,998	1,487
35 VIRGINIA	1,603	4,031	2,428
36 WEST VIRGINIA	1,732	1,224	-507
MOUNTAIN STATES	$ 6,049	$ 8,607	$ 3,558
37 ARIZONA	1,205	1,714	509
38 COLORADO	1,714	2,128	414
39 IDAHO	644	591	-52
40 MONTANA	1,159	542	-616
41 NEVADA	21	589	568
42 NEW MEXICO	346	797	451
43 OKLAHOMA	822	2,021	1,199
44 UTAH	128	857	729
45 WYOMING	10	367	357
PACIFIC STATES	$ 28,459	$ 25,917	$ -2,541
46 ALASKA	1,006	444	-561
47 CALIFORNIA	23,090	19,663	-3,426
48 HAWAII	--	761	761
49 OREGON	1,059	1,902	843
50 WASHINGTON	3,304	3,147	-156
DISTRICT OF COLUMBIA	$ 1,200	$ 694	$ -505
ALL STATES INCLUDING DISTRICT OF COLUMBIA	$ 172,687	$ 173,448	$ 761

TABLE 7

NUMBER OF MOTOR VEHICLES REGISTERED
AND STATE AND LOCAL MOTOR VEHICLE LICENSE TAX REVENUE,
FOR STATES, REGIONS AND THE UNITED STATES, 1978
(IN THOUSANDS)

STATE AND REGION	NUMBER OF MOTOR VEHICLES REGISTERED, 1978	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY ((-) OVERUTILIZATION)
NEW ENGLAND STATES	7,847	$ 198,231	$ 262,282	$ 64,051
1 CONNECTICUT	2,090	64,348	69,857	5,509
2 MAINE	719	22,693	24,032	1,339
3 MASSACHUSETTS	3,520	53,136	117,654	64,518
4 NEW HAMPSHIRE	593	21,065	19,821	-1,243
5 RHODE ISLAND	605	17,851	20,222	2,371
6 VERMONT	320	19,138	10,696	-8,441
MIDDLE ATLANTIC STATES	20,613	$ 847,571	$ 688,980	$ -158,590
7 DELAWARE	374	21,053	12,501	-8,551
8 NEW JERSEY	4,407	216,530	147,302	-69,227
9 NEW YORK	7,730	322,831	258,372	-64,458
10 PENNSYLVANIA	8,102	287,157	270,805	-16,351
NORTH CENTRAL STATES	39,017	$ 1,487,404	$ 1,304,124	$ -183,279
11 ILLINOIS	6,861	377,799	229,326	-148,472
12 INDIANA	3,586	91,270	119,860	28,590
13 IOWA	2,222	126,069	74,269	-51,799
14 KANSAS	1,926	65,028	64,376	-651
15 MICHIGAN	5,986	190,456	200,079	9,623
16 MINNESOTA	2,813	119,503	94,023	-25,479
17 MISSOURI	3,053	110,354	102,045	-8,308
18 NEBRASKA	1,258	41,060	42,048	988
19 NORTH DAKOTA	580	23,555	19,386	-4,168
20 OHIO	7,504	222,209	250,818	28,609
21 SOUTH DAKOTA	561	22,517	18,751	-3,765
22 WISCONSIN	2,667	97,584	89,143	-8,440
SREB STATES	45,457	$ 1,311,290	$ 1,519,378	$ 208,088
23 ALABAMA	2,674	46,090	89,377	43,287
24 ARKANSAS	1,423	45,119	47,563	2,444
25 FLORIDA	6,096	230,644	203,756	-26,887

TABLE 7 (CONTINUED)

STATE AND REGION	NUMBER OF MOTOR VEHICLES REGISTERED, 1978	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY ((-) OVERUTILIZATION)
SREB STATES (CONTINUED)				
26 GEORGIA	3,496	46,282	116,852	70,570
27 KENTUCKY	2,450	54,588	81,890	27,302
28 LOUISIANA	2,422	48,523	30,954	32,431
29 MARYLAND	2,587	78,161	86,469	8,308
30 MISSISSIPPI	1,494	21,488	49,936	28,448
31 NORTH CAROLINA	4,079	117,388	136,339	18,951
32 SOUTH CAROLINA	1,858	31,001	62,103	31,102
33 TENNESSEE	2,996	104,445	100,140	-4,304
34 TEXAS	9,489	322,023	317,165	-4,857
35 VIRGINIA	3,257	125,077	108,864	-16,212
36 WEST VIRGINIA	1,136	40,461	37,970	-2,490
MOUNTAIN STATES	10,143	$ 367,139	$ 339,025	$ -28,113
37 ARIZONA	1,554	53,873	51,942	-1,930
38 COLORADO	2,163	52,558	72,297	19,739
39 IDAHO	718	29,438	23,999	-5,438
40 MONTANA	672	20,710	22,461	1,751
41 NEVADA	549	18,985	18,350	-634
42 NEW MEXICO	907	34,481	30,316	-4,164
43 OKLAHOMA	2,296	111,169	76,743	-34,425
44 UTAH	908	16,629	30,349	13,720
45 WYOMING	376	29,296	12,568	-16,727
PACIFIC STATES	20,407	$ 575,572	$ 682,094	$ 106,522
46 ALASKA	257	12,735	8,590	-4,144
47 CALIFORNIA	14,958	370,619	499,964	129,345
48 HAWAII	521	22,711	17,414	-5,296
49 OREGON	1,776	89,330	59,362	-29,967
50 WASHINGTON	2,895	80,177	96,764	16,587
DISTRICT OF COLUMBIA	261	$ 17,400	$ 8,724	$ -8,675
ALL STATES INCLUDING DISTRICT OF COLUMBIA	143,745	$ 4,804,607	$ 4,804,607	$ 0

TABLE 8

MOTOR FUEL CONSUMPTION AND
STATE AND LOCAL MOTOR FUEL TAX REVENUE,
FOR STATES, REGIONS AND THE UNITED STATES, 1978
(IN THOUSANDS)

STATE AND REGION	HIGHWAY MOTOR FUEL CONSUMPTION (THOUSANDS OF GALLONS)	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY (-) OVERUTILIZATION)
NEW ENGLAND STATES	5,759,497	$ 544,565	$ 462,117	$ -82,447
1 CONNECTICUT	1,472,772	161,058	118,169	-42,888
2 MAINE	614,194	56,408	49,280	-7,127
3 MASSACHUSETTS	2,528,085	217,011	202,843	-14,167
4 NEW HAMPSHIRE	453,370	45,189	36,376	-8,812
5 RHODE ISLAND	402,487	41,439	32,294	-9,144
6 VERMONT	288,589	23,460	23,155	-304
MIDDLE ATLANTIC STATES	15,671,256	$ 1,354,084	$ 1,257,394	$ -96,689
7 DELAWARE	328,904	35,876	26,390	-9,485
8 NEW JERSEY	3,548,505	300,263	284,717	-15,545
9 NEW YORK	6,121,273	503,195	491,145	-12,049
10 PENNSYLVANIA	5,672,574	514,750	455,143	-59,606
NORTH CENTRAL STATES	32,713,514	$ 2,567,968	$ 2,624,792	$ 56,824
11 ILLINOIS	5,634,782	435,971	452,111	16,140
12 INDIANA	3,258,729	266,087	261,466	-4,620
13 IOWA	1,846,490	136,131	148,154	12,023
14 KANSAS	1,446,996	123,982	116,101	-7,880
15 MICHIGAN	5,047,682	442,051	405,004	-37,046
16 MINNESOTA	2,222,231	205,652	178,302	-27,349
17 MISSOURI	3,021,031	210,129	242,395	32,266
18 NEBRASKA	977,333	98,262	78,417	-19,844
19 NORTH DAKOTA	412,033	33,468	33,060	-407
20 OHIO	5,887,931	402,155	472,422	70,267
21 SOUTH DAKOTA	467,976	37,480	37,548	68
22 WISCONSIN	2,490,300	176,600	199,811	23,211
SREB STATES	40,556,635	$ 3,206,877	$ 3,254,091	$ 47,214
23 ALABAMA	2,295,126	195,663	184,151	-11,511
24 ARKANSAS	1,437,884	127,077	115,370	-11,706
25 FLORIDA	4,846,201	406,667	388,838	-17,828

TABLE 8 (CONTINUED)

STATE AND REGION	HIGHWAY MOTOR FUEL CONSUMPTION (THOUSANDS OF GALLONS)	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY (-) OVERUTILIZATION)
SREB STATES (CONTINUED)				
26 GEORGIA	3,318,079	257,517	266,228	8,711
27 KENTUCKY	2,030,585	190,660	162,925	-27,734
28 LOUISIANA	2,225,608	183,634	178,573	-5,060
29 MARYLAND	2,099,437	194,244	168,450	-25,793
30 MISSISSIPPI	1,437,048	146,370	115,303	-31,066
31 NORTH CAROLINA	3,334,011	303,011	267,507	-35,503
32 SOUTH CAROLINA	1,765,400	163,079	141,648	-21,430
33 TENNESSEE	2,748,407	200,768	220,520	19,752
34 TEXAS	9,068,288	477,689	727,601	249,912
35 VIRGINIA	2,976,964	276,250	238,859	-37,390
36 WEST VIRGINIA	973,597	84,248	78,117	-6,130
MOUNTAIN STATES	8,567,559	$ 650,800	$ 687,424	$ 36,624
37 ARIZONA	1,457,406	120,017	116,936	-3,080
38 COLORADO	1,529,194	105,074	122,696	17,622
39 IDAHO	548,656	46,976	44,022	-2,953
40 MONTANA	520,998	47,144	41,803	-5,340
41 NEVADA	495,339	40,321	39,744	-576
42 NEW MEXICO	884,026	69,461	70,930	1,469
43 OKLAHOMA	1,968,726	126,978	157,962	30,984
44 UTAH	765,451	58,777	61,417	2,640
45 WYOMING	397,763	36,052	31,915	-4,136
PACIFIC STATES	16,120,750	$ 1,252,555	$ 1,293,460	$ 40,905
46 ALASKA	217,458	23,281	17,448	-5,832
47 CALIFORNIA	11,991,826	851,371	962,173	110,802
48 HAWAII	320,527	46,121	25,718	-20,402
49 OREGON	1,526,673	99,106	122,494	23,388
50 WASHINGTON	2,064,266	232,676	165,628	-67,047
DISTRICT OF COLUMBIA	237,678	$ 21,500	$ 19,070	$ -2,429
ALL STATES INCLUDING DISTRICT OF COLUMBIA	119,626,889	$ 9,598,349	$ 9,598,349	$ 0

TABLE 9

VALUE OF PRODUCTS SEVERED AND
SEVERANCE TAX REVENUE,
FOR STATES, REGIONS AND THE UNITED STATES, 1978
(IN THOUSANDS)

STATE AND REGION	VALUE OF SEVERED PRODUCTS	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY (-) OVERUTILIZATION)
NEW ENGLAND STATES	$ 445,214	$ 174	$ 20,934	$ 20,760
1 CONNECTICUT	37,810	--	1,778	1,778
2 MAINE	108,458	--	5,100	5,100
3 MASSACHUSETTS	211,833	--	9,960	9,960
4 NEW HAMPSHIRE	20,095	174	945	771
5 RHODE ISLAND	35,530	--	1,671	1,671
6 VERMONT	31,488	--	1,481	1,481
MIDDLE ATLANTIC STATES	$ 3,521,221	$ --	$ 165,566	$ 165,566
7 DELAWARE	2,966	--	139	139
8 NEW JERSEY	168,427	--	7,919	7,919
9 NEW YORK	435,389	--	20,472	20,472
10 PENNSYLVANIA	2,914,439	--	137,036	137,036
NORTH CENTRAL STATES	$ 8,258,884	$ 100,325	$ 388,329	$ 288,004
11 ILLINOIS	1,493,464	--	70,222	70,222
12 INDIANA	545,797	649	25,663	25,014
13 IOWA	197,566	--	9,289	9,289
14 KANSAS	971,134	841	45,662	44,821
15 MICHIGAN	1,300,035	11,718	61,127	49,409
16 MINNESOTA	1,100,704	61,945	51,755	-10,189
17 MISSOURI	727,507	36	34,207	34,171
18 NEBRASKA	112,087	1,243	5,270	4,027
19 NORTH DAKOTA	201,628	18,619	9,480	-9,138
20 OHIO	1,363,316	3,800	64,103	60,303
21 SOUTH DAKOTA	102,218	872	4,806	3,934
22 WISCONSIN	143,428	602	6,744	6,142
SREB STATES	$ 37,035,405	$ 1,719,426	$ 1,741,388	$ 21,962
23 ALABAMA	1,021,729	17,056	48,041	30,985
24 ARKANSAS	444,725	12,391	20,911	8,520
25 FLORIDA	1,884,106	94,604	88,590	-6,213

TABLE 9 (CONTINUED)

STATE AND REGION	VALUE OF SEVERED PRODUCTS	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY (+) OR OVERUTILIZATION (-)
FREE STATES (CONTINUED)				
26 GEORGIA	381,703	--	17,948	17,948
27 KENTUCKY	2,744,812	128,180	129,080	900
28 LOUISIANA	8,709,613	476,829	409,522	-67,306
29 MARYLAND	199,853	--	9,397	-9,397
30 MISSISSIPPI	453,671	27,559	21,331	-6,227
31 NORTH CAROLINA	209,690	--	9,860	9,860
32 SOUTH CAROLINA	141,530	--	6,655	6,655
33 TENNESSEE	433,697	2,128	20,392	18,264
34 TEXAS	15,685,903	959,686	737,544	-222,141
35 VIRGINIA	1,332,386	813	62,648	61,835
36 WEST VIRGINIA	3,391,987	--	159,490	159,490
MOUNTAIN STATES	$ 10,292,069	$ 498,048	$ 484,929	$ -14,118
37 ARIZONA	1,288,543	--	60,587	60,587
38 COLORADO	961,083	1,838	45,190	43,352
39 IDAHO	236,356	273	11,113	10,840
40 MONTANA	576,237	44,667	27,094	-17,572
41 NEVADA	258,392	129	12,149	12,020
42 NEW MEXICO	2,091,983	145,826	98,366	-47,461
43 OKLAHOMA	2,268,398	230,368	106,659	-123,708
44 UTAH	966,547	8,926	45,447	36,521
45 WYOMING	1,644,530	66,021	77,325	11,304
PACIFIC STATES	$ 4,807,964	$ 176,355	$ 226,068	$ 49,713
46 ALASKA	919,421	107,715	43,231	-64,483
47 CALIFORNIA	3,388,546	31,235	159,328	128,093
48 HAWAII	61,346	--	2,884	2,884
49 OREGON	175,655	4,117	8,259	4,142
50 WASHINGTON	262,998	33,288	12,366	-20,921
DISTRICT OF COLUMBIA	--	$ --	$ --	$ 0
ALL STATES INCLUDING DISTRICT OF COLUMBIA	$ 64,360,757	$ 2,494,328	$ 3,026,214	$ 531,886

TABLE 10

STATE TRANSFER TAXES,
FOR STATES, REGIONS AND THE UNITED STATES, 1978
(IN THOUSANDS)

STATE AND REGION	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY ((-) OVERUTILIZATION)
NEW ENGLAND STATES	$ 17,997	$ 61,148	$ 43,151
1 CONNECTICUT	--	17,374	17,374
2 MAINE	926	4,340	3,414
3 MASSACHUSETTS	10,728	29,097	18,369
4 NEW HAMPSHIRE	2,695	3,924	1,229
5 RHODE ISLAND	736	4,432	3,696
6 VERMONT	2,912	1,980	-931
MIDDLE ATLANTIC STATES	$ 418,574	$ 194,995	$ -223,578
7 DELAWARE	9,524	3,134	-6,389
8 NEW JERSEY	15,694	40,898	25,204
9 NEW YORK	311,413	93,437	-217,975
10 PENNSYLVANIA	81,943	57,525	-24,417
NORTH CENTRAL STATES	$ 34,397	$ 291,609	$ 257,212
11 ILLINOIS	7,924	60,750	52,826
12 INDIANA	--	25,788	25,788
13 IOWA	3,013	14,265	11,252
14 KANSAS	--	11,505	11,505
15 MICHIGAN	--	48,965	48,965
16 MINNESOTA	19,106	19,663	557
17 MISSOURI	--	22,356	22,356
18 NEBRASKA	1,566	7,285	5,719
19 NORTH DAKOTA	--	2,859	2,859
20 OHIO	--	53,010	53,010
21 SOUTH DAKOTA	--	3,111	3,111
22 WISCONSIN	2,788	22,051	19,263
SREB STATES	$ 262,395	$ 289,860	$ 27,465
23 ALABAMA	6,715	14,548	7,833
24 ARKANSAS	2,670	8,337	5,667
25 FLORIDA	160,204	39,982	-120,221

TABLE 1C (CONTINUED)

STATE AND REGION	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY ((-) OVERUTILIZATION)
SREB STATES (CONTINUED)			
26 GEORGIA	5,079	21,318	16,239
27 KENTUCKY	1,782	14,387	12,605
28 LOUISIANA	--	16,186	16,186
29 MARYLAND	25,267	21,554	-3,712
30 MISSISSIPPI	--	8,448	8,448
31 NORTH CAROLINA	--	23,026	23,026
32 SOUTH CAROLINA	8,740	11,353	2,613
33 TENNESSEE	19,514	17,625	-1,888
34 TEXAS	--	61,023	61,023
35 VIRGINIA	29,576	24,602	-4,973
36 WEST VIRGINIA	2,848	7,469	4,621
MOUNTAIN STATES	$ 5,963	$ 58,636	$ 52,673
37 ARIZONA	--	10,462	10,462
38 COLORADO	--	12,987	12,987
39 IDAHO	--	3,609	3,609
40 MONTANA	--	3,308	3,308
41 NEVADA	2,005	3,594	1,589
42 NEW MEXICO	--	4,866	4,866
43 OKLAHOMA	3,958	12,335	8,377
44 UTAH	--	5,233	5,233
45 WYOMING	--	2,242	2,242
PACIFIC STATES	$ 8,014	$ 158,193	$ 150,179
46 ALASKA	--	2,710	2,710
47 CALIFORNIA	--	120,020	120,020
48 HAWAII	1,305	4,644	3,339
49 OREGON	285	11,612	11,327
50 WASHINGTON	6,424	19,207	12,783
DISTRICT OF COLUMBIA	$ 9,200	$ 4,238	$ -4,961
ALL STATES INCLUDING DISTRICT OF COLUMBIA	$ 756,540	$ 1,058,678	$ 302,138

TABLE 11

OTHER TAX REVENUE
AND TOTAL STATE AND LOCAL TAX REVENUE,
FOR STATES, REGIONS AND THE UNITED STATES, 1978
(IN THOUSANDS)

STATE AND REGION	PARIMUTUEL TAXES	OTHER LICENSE TAXES	OTHER AND UNALLOCABLE TAXES	TOTAL STATE AND LOCAL TAXES
NEW ENGLAND STATES	$ 96,559	$ 116,635	$ 56,401	$ 11,909,028
1 CONNECTICUT	43,490	35,296	13,900	2,925,824
2 MAINE	1,132	18,377	1,900	826,814
3 MASSACHUSETTS	29,830	35,748	26,200	6,340,204
4 NEW HAMPSHIRE	15,900	14,694	6,501	610,206
5 RHODE ISLAND	5,410	5,885	4,430	795,460
6 VERMONT	797	6,635	3,470	410,520
MIDDLE ATLANTIC STATES	$ 161,979	$ 815,937	$ 717,101	$ 41,220,380
7 DELAWARE	5,322	102,120	4,401	560,974
8 NEW JERSEY	21,267	163,833	58,200	7,284,960
9 NEW YORK	105,074	119,228	198,400	23,219,276
10 PENNSYLVANIA	30,316	430,756	456,100	10,155,170
NORTH CENTRAL STATES	$ 128,655	$ 543,058	$ 433,672	$ 48,867,931
11 ILLINOIS	71,888	91,536	126,800	10,309,768
12 INDIANA	--	18,330	4,800	3,800,485
13 IOWA	--	26,014	12,300	2,348,391
14 KANSAS	--	25,684	17,400	1,894,419
15 MICHIGAN	26,083	57,761	54,000	8,885,981
16 MINNESOTA	--	52,186	44,000	4,013,656
17 MISSOURI	--	55,097	43,900	3,173,896
18 NEBRASKA	5,891	16,786	14,200	1,334,104
19 NORTH DAKOTA	--	13,121	6,000	473,289
20 OHIO	22,676	127,681	79,900	7,625,707
21 SOUTH DAKOTA	2,117	6,683	4,200	473,102
22 WISCONSIN	--	52,179	22,172	4,535,133
SREB STATES	$ 161,093	$ 1,011,804	$ 652,518	$ 46,660,939
23 ALABAMA	--	67,702	63,400	2,191,151
24 ARKANSAS	14,099	24,717	9,200	1,227,156
25 FLORIDA	86,023	103,610	70,000	6,131,683

ALL NOTES AND FOOTNOTES ARE ON PAGE

TABLE 11 (CONTINUED)

STATE AND REGION	PARIMUTUEL TAXES	OTHER LICENSE TAXES	OTHER AND UNALLOCABLE TAXES	TOTAL STATE AND LOCAL TAXES
SREB STATES (CONTINUED)				
26 GEORGIA	--	33,634	39,424	3,444,515
27 KENTUCKY	12,447	34,408	12,900	2,329,745
28 LOUISIANA	16,129	91,388	38,000	2,868,712
29 MARYLAND	20,039	29,060	111,511	4,085,017
30 MISSISSIPPI	--	43,426	4,400	1,442,687
31 NORTH CAROLINA	--	96,019	20,600	3,645,937
32 SOUTH CAROLINA	--	27,421	28,900	1,827,966
33 TENNESSEE	--	76,333	42,703	2,815,251
34 TEXAS	--	327,720	35,200	9,415,980
35 VIRGINIA	--	40,423	132,200	3,961,405
36 WEST VIRGINIA	12,356	15,943	44,080	1,273,734
MOUNTAIN STATES	$ 19,587	$ 205,182	$ 137,567	$ 10,872,071
37 ARIZONA	8,306	24,581	19,700	2,207,238
38 COLORADO	8,070	34,101	32,084	2,379,897
39 IDAHO	394	20,594	4,000	629,382
40 MONTANA	--	13,802	4,170	648,280
41 NEVADA	222	36,768	37,700	668,099
42 NEW MEXICO	2,585	14,549	12,900	932,476
43 OKLAHOMA	--	39,140	14,113	1,942,268
44 UTAH	--	11,147	10,200	969,399
45 WYOMING	10	10,500	2,700	495,032
PACIFIC STATES	$ 121,697	$ 316,684	$ 611,401	$ 34,791,160
46 ALASKA	--	18,256	5,201	758,895
47 CALIFORNIA	110,306	172,815	484,500	27,365,177
48 HAWAII	--	6,284	5,000	949,877
49 OREGON	5,250	56,098	59,200	2,178,261
50 WASHINGTON	6,141	63,231	57,500	3,538,950
DISTRICT OF COLUMBIA	--	$ 10,300	$ --	$ 842,000
ALL STATES INCLUDING DISTRICT OF COLUMBIA	$ 689,570	$ 3,019,600	$ 2,608,660	$ 195,163,509

TABLE 12

SUMMARY TABLE: UTILIZATION OF TAX ABILITY
FOR STATES, REGIONS AND THE UNITED STATES, 1978
(IN THOUSANDS)

STATE AND REGION	GENERAL SALES AND GROSS RECEIPTS TAXES	SELECTIVE SALES AND GROSS RECEIPTS TAXES	DEATH AND GIFT TAXES	GENERAL PROPERTY TAXES	INCOME TAXES	
					INDIVIDUAL	CORPORATE
NEW ENGLAND STATES	$ 920,887	$ -76,759	$ -59,702	$ -1,697,215	$ 522,876	$ -74,051
1 CONNECTICUT	49,790	7,167	-18,818	-261,442	584,255	-6,535
2 MAINE	-12,380	-3,307	-1,692	-43,796	61,641	13,907
3 MASSACHUSETTS	643,340	-24,090	-36,846	-1,188,203	-328,050	-81,409
4 NEW HAMPSHIRE	156,996	-26,084	-87	-96,656	139,962	-8,851
5 RHODE ISLAND	36,706	-1,349	-3,447	-59,241	56,364	5,632
6 VERMONT	46,437	-28,493	1,193	-47,877	8,705	3,296
MIDDLE ATLANTIC STATES	$ 737,488	$ 33,593	$ -84,840	$ -2,325,723	$ -1,029,670	$ -405,284
7 DELAWARE	125,392	3,500	-973	111,649	-81,341	-7,075
8 NEW JERSEY	632,664	-58,033	-23,869	-928,046	774,791	56,162
9 NEW YORK	-568,677	1,306	1,581	-2,502,487	-2,348,678	-306,510
10 PENNSYLVANIA	548,112	86,821	-61,578	993,162	25,559	-147,858
NORTH CENTRAL STATES	$ 1,700,795	$ 1,087,212	$ 121,368	$ 1,201,586	$ 1,680,786	$ 303,381
11 ILLINOIS	-23,890	6,303	-6,340	153,085	713,565	298,850
12 INDIANA	-89,094	259,985	12,499	302,749	400,477	94,439
13 IOWA	194,474	87,098	-11,756	16,405	51,580	49,530
14 KANSAS	95,378	65,459	4,816	-63,451	195,726	-690
15 MICHIGAN	371,954	377,285	40,328	-126,745	-55,704	-364,666
16 MINNESOTA	245,855	-37,633	1,432	27,803	-327,748	-74,388
17 MISSOURI	46,630	75,959	20,718	454,482	317,671	136,430
18 NEBRASKA	25,634	2,855	9,285	-90,177	103,232	33,866
19 NORTH DAKOTA	16,910	16,199	1,913	22,956	39,418	10,845
20 OHIO	700,539	93,499	58,946	673,377	611,590	127,557
21 SOUTH DAKOTA	-3,524	11,547	-221	-27,195	118,168	31,599
22 WISCONSIN	119,933	128,656	-10,249	-141,702	-487,187	-39,985
SREB STATES	$ -389,540	$ -1,469,287	$ 104,201	$ 5,955,905	$ 5,389,973	$ 1,378,966
23 ALABAMA	-77,705	-201,265	18,018	655,032	211,254	78,467
24 ARKANSAS	17,578	9,622	12,101	265,573	113,694	9,097
25 FLORIDA	-47,654	-393,425	24,396	547,428	1,518,506	188,023

TABLE 12 (CONTINUED)

STATE AND REGION	GENERAL SALES AND GROSS RECEIPTS TAXES	SELECTIVE SALES AND GROSS RECEIPTS TAXES	DEATH AND GIFT TAXES	GENERAL PROPERTY TAXES	INCOME TAXES	
					INDIVIDUAL	CORPORATE
SREB STATES (CONTINUED)						
26 GEORGIA	-55,479	1,682	29,364	352,365	205,288	33,025
27 KENTUCKY	44,380	-4,277	3,422	480,989	9,114	21,250
28 LOUISIANA	-319,635	5,851	12,195	628,490	422,476	-7,120
29 MARYLAND	234,292	-32,558	20,545	187,964	-481,370	112,671
30 MISSISSIPPI	-207,140	12,020	9,538	222,335	162,387	41,153
31 NORTH CAROLINA	185,034	-37,975	3,502	607,845	26,278	25,739
32 SOUTH CAROLINA	-17,290	-17,140	10,622	305,994	79,945	3,213
33 TENNESSEE	-350,874	-126,831	-26,986	466,056	644,517	24,965
34 TEXAS	61,409	-525,043	28,047	539,557	2,317,632	477,982
35 VIRGINIA	330,983	-138,273	19,004	451,370	59,541	108,540
36 WEST VIRGINIA	-187,432	-21,668	434	244,907	100,713	61,964
MOUNTAIN STATES	$ -496,145	$ -28,297	$ 30,062	$ 329,726	$ 880,118	$ 280,414
37 ARIZONA	-275,322	-19,522	14,027	-145,333	174,515	52,388
38 COLORADO	-144,048	62,992	-2,577	-26,699	117,906	58,089
39 IDAHO	25,506	15,324	2,587	37,882	-986	6,769
40 MONTANA	132,328	6,038	-502	-101,099	2,007	7,511
41 NEVADA	-22,427	-58,284	6,311	17,627	136,494	39,929
42 NEW MEXICO	-147,741	5,971	6,010	156,235	138,814	16,454
43 OKLAHOMA	83,316	-48,194	-2,007	386,302	216,358	45,672
44 UTAH	-104,977	28,621	5,135	59,638	9,858	28,693
45 WYOMING	-42,775	18,759	1,881	-56,824	85,152	24,910
PACIFIC STATES	$ -1,606,068	$ 712,937	$ -162,316	$ -3,533,938	$ 316,280	$ -506,692
46 ALASKA	73,624	-5,873	4,515	-155,456	-42,892	-3,391
47 CALIFORNIA	-1,219,091	773,495	-152,591	-3,481,441	-74,189	-742,821
48 HAWAII	-181,556	-8,461	4,112	135,931	-50,857	22,595
49 OREGON	464,525	52,142	-5,677	-157,062	-245,242	3,534
50 WASHINGTON	-743,569	-98,363	-12,673	124,091	729,464	213,392
DISTRICT OF COLUMBIA	$ 11,827	$ -63,911	$ -3,257	$ 69,667	$ -55,055	$ -20,518
ALL STATES INCLUDING DISTRICT OF COLUMBIA	$ 879,241	$ 195,483	$ 6,311	$ 0	$ 7,105,305	$ 956,212

TABLE 12 (CONTINUED)

STATE AND REGION	LICENSE TAXES: ALCOHOLIC BEVERAGE	LICENSE TAXES: MOTOR VEHICLE	MOTOR FUEL TAXES	SEVERANCE TAXES	TRANSFER TAXES	NET UNUTILIZED ABILITY (+) OVERUTILIZATION)
NEW ENGLAND STATES	$ 1,424	$ 64,051	$ -82,447	$ 20,760	$ 43,151	$ -417,034
1 CONNECTICUT	-2,581	5,509	-42,888	1,778	17,374	333,603
2 MAINE	-528	1,339	-7,127	5,100	3,414	16,565
3 MASSACHUSETTS	4,244	64,518	-14,167	9,960	18,369	-932,427
4 NEW HAMPSHIRE	-178	-1,243	-8,812	771	1,229	156,441
5 RHODE ISLAND	596	2,371	-9,144	1,671	3,696	33,851
6 VERMONT	-125	-8,441	-304	1,481	-931	-25,064
MIDDLE ATLANTIC STATES	$ -15,289	$ -158,590	$ -96,689	$ 165,566	$ -223,578	$ -4,003,024
7 DELAWARE	88	-8,551	-9,485	139	-6,389	126,947
8 NEW JERSEY	3,796	-69,227	-15,545	7,919	25,204	405,811
9 NEW YORK	-19,666	-64,458	-12,049	20,472	-217,975	-6,017,150
10 PENNSYLVANIA	494	-16,351	-59,606	137,036	-24,417	1,481,367
NORTH CENTRAL STATES	$ 5,163	$ -183,279	$ 56,824	$ 288,004	$ 257,212	$ 6,519,051
11 ILLINOIS	8,787	-148,472	16,140	70,222	52,826	1,141,076
12 INDIANA	-3,719	28,590	-4,620	25,014	25,788	1,052,106
13 IOWA	-2,228	-51,799	12,023	5,289	11,252	365,866
14 KANSAS	1,029	-651	-7,880	44,821	11,505	346,057
15 MICHIGAN	-5,624	9,623	-37,046	45,409	48,965	307,776
16 MINNESOTA	2,880	-25,479	-27,349	-10,189	557	-224,265
17 MISSOURI	1,888	-8,308	32,266	34,171	22,356	1,134,262
18 NEBRASKA	1,058	588	-19,844	4,027	5,719	76,641
19 NORTH DAKOTA	262	-4,168	-407	-9,138	2,859	97,647
20 OHIO	-3,084	28,609	70,267	60,303	53,010	2,474,611
21 SOUTH DAKOTA	387	-3,765	68	3,934	3,111	134,106
22 WISCONSIN	3,531	-8,440	23,211	6,142	19,263	-386,830
SREB STATES	$ 8,954	$ 208,088	$ 47,214	$ 21,962	$ 27,465	$ 11,343,899
23 ALABAMA	-270	43,287	-11,511	30,985	7,833	754,121
24 ARKANSAS	570	2,444	-11,706	8,520	5,667	433,158
25 FLORIDA	-6,405	-26,887	-17,828	-6,213	-120,221	1,659,714

TABLE 12 (CONTINUED)

STATE AND REGION	LICENSE TAXES: ALCOHOLIC BEVERAGE	LICENSE TAXES: MOTOR VEHICLE	MOTOR FUEL TAXES	SEVERANCE TAXES	TRANSFER TAXES	NET UNUTILIZED ABILITY ((-) OVERUTILIZATION)
SREB STATES (CONTINUED)						
26 GEORGIA	2,505	70,570	8,711	17,948	16,239	682,216
27 KENTUCKY	1,079	27,302	-27,734	900	12,605	569,031
28 LOUISIANA	738	32,431	-5,060	-67,306	16,186	719,242
29 MARYLAND	3,292	8,308	-25,793	9,397	-3,712	33,032
30 MISSISSIPPI	-645	28,448	-31,066	-6,227	8,448	239,248
31 NORTH CAROLINA	2,960	18,951	-35,503	9,860	23,026	829,713
32 SOUTH CAROLINA	-255	31,102	-21,430	6,655	2,613	384,024
33 TENNESSEE	1,982	-4,304	19,752	18,264	-1,888	664,649
34 TEXAS	1,487	-4,857	249,912	-222,141	61,023	3,185,004
35 VIRGINIA	2,428	-16,212	-37,390	61,835	-4,973	836,849
36 WEST VIRGINIA	-507	-2,490	-6,130	159,490	4,621	353,898
MOUNTAIN STATES	$ 3,558	$ -28,113	$ 36,624	$ -14,118	$ 52,673	$ 1,047,297
37 ARIZONA	509	-1,930	-3,080	60,587	10,462	-132,704
38 COLORADO	414	19,739	17,622	43,352	12,987	159,773
39 IDAHO	-52	-5,438	-2,953	10,840	3,609	93,084
40 MONTANA	-616	1,751	-5,340	-17,572	3,308	27,809
41 NEVADA	568	-634	-576	12,020	1,589	92,613
42 NEW MEXICO	451	-4,164	1,469	-47,461	4,866	130,901
43 OKLAHOMA	1,199	-34,425	30,984	-123,708	8,377	565,870
44 UTAH	729	13,720	2,640	36,521	5,233	85,810
45 WYOMING	357	-16,727	-4,136	11,304	2,242	24,139
PACIFIC STATES	$ -2,541	$ 106,522	$ 40,905	$ 49,713	$ 150,179	$ -4,435,023
46 ALASKA	-561	-4,144	-5,832	-64,483	2,710	-201,790
47 CALIFORNIA	-3,426	129,345	110,802	128,093	120,020	-4,411,808
48 HAWAII	761	-5,296	-20,402	2,884	3,339	-96,954
49 OREGON	843	-29,967	23,388	4,142	11,327	121,950
50 WASHINGTON	-156	16,587	-67,047	-20,921	12,783	153,581
DISTRICT OF COLUMBIA	$ -505	$ -8,675	$ -2,429	$ 0	$ -4,961	$ -77,824
ALL STATES INCLUDING DISTRICT OF COLUMBIA	$ 761	$ 0	$ 0	$ 531,886	$ 302,138	$ 9,977,337

TABLE 13

STATE AND LOCAL TAX COLLECTIONS BY SOURCE AS PERCENTAGES OF TOTAL COLLECTIONS, FOR STATES, REGIONS AND THE UNITED STATES, 1978

STATE AND REGION	GENERAL SALES AND GROSS RECEIPTS	SELECTIVE SALES AND GROSS RECEIPTS	GENERAL PROPERTY TAXES	INCOME TAXES		OTHER
				INDIVIDUAL	CORPORATE	
NEW ENGLAND STATES	12.8	9.2	46.5	15.1	6.3	10.1
1 CONNECTICUT	22.1	9.6	46.2	2.6	6.8	12.7
2 MAINE	22.5	9.1	38.2	12.5	4.1	13.5
3 MASSACHUSETTS	8.2	8.0	47.5	22.6	6.4	7.3
4 NEW HAMPSHIRE	--	15.0	56.2	1.5	8.6	18.7
5 RHODE ISLAND	17.7	9.4	42.4	14.1	5.5	11.0
6 VERMONT	8.0	14.9	41.9	16.2	4.6	14.4
MIDDLE ATLANTIC STATES	17.1	7.8	35.3	21.9	6.2	11.6
7 DELAWARE	--	8.6	15.2	35.7	7.5	33.0
8 NEW JERSEY	13.8	10.1	48.0	10.7	5.5	12.0
9 NEW YORK	18.5	6.7	36.0	25.4	5.8	7.6
10 PENNSYLVANIA	17.3	8.5	25.8	21.3	7.7	19.4
NORTH CENTRAL STATES	20.4	7.7	35.0	19.2	6.0	11.7
11 ILLINOIS	23.8	9.7	35.5	15.5	3.6	11.9
12 INDIANA	29.5	4.4	34.6	15.2	5.1	11.2
13 IOWA	16.0	6.4	37.4	20.9	4.6	14.7
14 KANSAS	19.3	6.6	41.5	12.7	6.8	13.2
15 MICHIGAN	17.9	4.9	36.0	21.6	10.2	9.5
16 MINNESOTA	13.5	9.1	30.0	26.8	7.3	13.4
17 MISSOURI	26.7	9.3	29.9	16.7	3.5	13.9
18 NEBRASKA	19.9	8.8	41.0	13.0	3.5	13.7
19 NORTH DAKOTA	20.6	6.6	33.1	14.6	4.4	20.7
20 OHIO	18.6	10.3	34.8	18.4	6.1	11.9
21 SOUTH DAKOTA	27.1	8.5	47.0	--	0.6	16.8
22 WISCONSIN	16.8	5.2	33.6	29.2	6.3	8.8
SREB STATES	25.7	13.5	26.2	12.0	3.9	18.7
23 ALABAMA	30.1	20.2	11.8	15.6	3.8	18.6
24 ARKANSAS	25.7	10.5	21.0	16.5	6.8	19.4
25 FLORIDA	26.9	17.2	32.0	--	4.2	19.7

TABLE 13 (CONTINUED)

STATE AND REGION	GENERAL SALES AND GROSS RECEIPTS	SELECTIVE SALES AND GROSS RECEIPTS	GENERAL PROPERTY TAXES	INCOME TAXES		OTHER
				INDIVIDUAL	CORPORATE	
SREB STATES (CONTINUED)						
26 GEORGIA	26.4	10.2	28.6	17.5	5.9	11.4
27 KENTUCKY	22.8	10.4	18.1	23.1	5.9	19.7
28 LOUISIANA	33.7	9.2	13.5	6.7	6.5	30.4
29 MARYLAND	15.4	9.5	28.5	31.8	3.1	11.6
30 MISSISSIPPI	37.8	8.9	21.3	11.0	3.7	17.4
31 NORTH CAROLINA	20.2	11.5	23.0	23.3	6.3	15.8
32 SOUTH CAROLINA	25.8	11.2	22.2	19.2	6.7	14.8
33 TENNESSEE	37.5	14.9	22.7	0.9	6.1	17.9
34 TEXAS	25.3	16.3	34.9	--	--	23.5
35 VIRGINIA	16.5	13.8	27.6	22.1	4.2	15.9
36 WEST VIRGINIA	38.2	11.4	17.6	14.4	1.6	16.8
MOUNTAIN STATES	26.1	9.2	30.8	12.4	3.4	18.1
37 ARIZONA	31.4	8.7	36.3	10.1	2.9	10.5
38 COLORADO	27.9	6.4	35.4	15.8	3.6	11.0
39 IDAHO	18.9	7.1	30.0	21.9	5.3	16.9
40 MONTANA	--	7.5	47.6	19.1	4.5	21.3
41 NEVADA	24.9	23.6	31.1	--	--	20.4
42 NEW MEXICO	36.7	8.0	16.0	4.9	4.0	30.3
43 OKLAHOMA	21.1	13.0	19.9	13.0	4.7	28.3
44 UTAH	32.4	6.0	27.7	19.5	3.0	11.3
45 WYOMING	26.8	3.7	39.9	--	--	29.6
PACIFIC STATES	22.8	5.5	38.7	16.4	6.5	10.1
46 ALASKA	4.6	6.7	42.9	19.2	4.4	22.2
47 CALIFORNIA	22.0	4.4	40.2	16.9	7.6	8.8
48 HAWAII	38.7	9.0	16.4	23.9	3.1	9.0
49 OREGON	--	6.4	40.7	31.5	5.8	15.6
50 WASHINGTON	42.7	11.8	30.5	--	--	15.0
DISTRICT OF COLUMBIA	18.7	15.9	23.3	25.7	8.0	8.3
ALL STATES INCLUDING DISTRICT OF COLUMBIA	21.3	8.9	34.0	17.0	5.5	13.3

TABLE 14

TOTAL TAX REVENUES AS A PERCENT OF PERSONAL INCOME AND AS A PERCENT OF GENERAL REVENUES; FEDERAL AIDS AS A PERCENT OF GENERAL REVENUES; AND STATE RANK BURDEN INDEX, FOR STATES, REGIONS, AND THE UNITED STATES, 1978

STATE AND REGION	TAXES AS A PERCENT OF PERSONAL INCOME	TAXES AS A PERCENT OF GENERAL REVENUES FROM OWN SOURCE	FEDERAL AIDS AS A PERCENT OF GENERAL REVENUES	TAX BURDEN INDEX RANK
NEW ENGLAND STATES	12.8	--	--	--
1 CONNECTICUT	11.1	84.0	19.7	50
2 MAINE	12.5	80.8	28.6	3
3 MASSACHUSETTS	14.3	86.0	23.9	11
4 NEW HAMPSHIRE	10.2	78.8	25.0	35
5 RHODE ISLAND	11.8	80.2	26.6	28
6 VERMONT	13.6	79.2	31.7	1
MIDDLE ATLANTIC STATES	13.9	--	--	--
7 DELAWARE	11.8	74.1	24.9	42
8 NEW JERSEY	11.7	82.9	18.8	45
9 NEW YORK	16.4	82.7	20.1	6
10 PENNSYLVANIA	11.6	83.1	22.0	34
NORTH CENTRAL STATES	11.0	--	--	--
11 ILLINOIS	11.2	83.2	19.0	47
12 INDIANA	9.7	76.6	16.6	49
13 IOWA	10.8	75.4	20.6	41
14 KANSAS	10.8	74.7	18.3	40
15 MICHIGAN	11.9	77.6	21.6	37
16 MINNESOTA	13.4	75.9	19.8	17
17 MISSOURI	9.3	79.3	24.9	48
18 NEBRASKA	12.1	73.1	19.1	23
19 NORTH DAKOTA	10.9	63.6	25.0	29
20 OHIO	9.5	75.9	20.7	51
21 SOUTH DAKOTA	10.0	72.0	27.7	38
22 WISCONSIN	13.5	79.5	20.1	9
SREB STATES	10.6	--	--	--
23 ALABAMA	9.9	69.0	27.4	24
24 ARKANSAS	9.7	74.4	30.4	25
25 FLORIDA	10.1	73.1	20.6	43

TABLE 14 (CONTINUED)

STATE AND REGION	TAXES AS A PERCENT OF PERSONAL INCOME	TAXES AS A PERCENT OF GENERAL REVENUES FROM OWN SOURCE	FEDERAL AIDS AS A PERCENT OF GENERAL REVENUES	TAX BURDEN INDEX RANK
SREB STATES (CONTINUED)				
26 GEORGIA	10.6	72.5	26.2	26
27 KENTUCKY	10.7	77.2	26.2	22
28 LOUISIANA	11.7	71.5	29.4	10
29 MARYLAND	12.5	77.9	21.7	32
30 MISSISSIPPI	11.2	70.3	29.7	2
31 NORTH CAROLINA	10.4	78.8	26.1	27
32 SOUTH CAROLINA	10.6	73.2	25.8	18
33 TENNESSEE	10.5	74.0	25.8	20
34 TEXAS	10.2	74.3	19.7	44
35 VIRGINIA	10.6	77.9	23.1	39
36 WEST VIRGINIA	11.2	78.4	29.1	12
MOUNTAIN STATES	12.2	--	--	--
37 ARIZONA	13.9	80.0	19.8	5
38 COLORADO	12.1	74.5	21.4	30
39 IDAHO	11.5	73.9	25.8	13
40 MONTANA	12.9	74.8	29.9	7
41 NEVADA	12.2	73.8	21.6	36
42 NEW MEXICO	12.6	67.5	27.1	4
43 OKLAHOMA	13.4	72.4	24.8	31
44 UTAH	12.2	73.7	26.6	8
45 WYOMING	14.5	72.2	25.0	15
PACIFIC STATES	14.5	--	--	--
46 ALASKA	18.4	83.6	22.6	16
47 CALIFORNIA	15.0	82.3	20.0	14
48 HAWAII	13.5	79.4	28.6	19
49 OREGON	12.3	72.0	26.3	21
50 WASHINGTON	12.1	74.1	20.0	33
DISTRICT OF COLUMBIA	13.1	85.9	53.4	46
ALL STATES INCLUDING DISTRICT OF COLUMBIA	12.1	--	--	--

TABLE 15

FEDERAL INCOME TAX RETURNS, PERCENTAGES OF TOTAL NUMBER, BY ADJUSTED GROSS INCOME CLASS, FOR STATES, REGIONS, AND THE UNITED STATES, 1975

STATE AND REGION	UNDER $5,000	$5,000-9,999	$10,000-14,999	$15,000-24,999	$25,000-49,999	$50,000 OR OVER	NUMBER OF RETURNS
NEW ENGLAND STATES	29.3	23.7	17.2	20.4	8.0	1.5	5,011,016
1 CONNECTICUT	26.3	24.0	16.0	21.4	10.2	2.2	1,340,861
2 MAINE	33.1	24.6	19.7	17.4	4.5	0.8	414,543
3 MASSACHUSETTS	30.0	22.7	17.1	20.6	8.1	1.5	2,328,108
4 NEW HAMPSHIRE	26.8	26.6	18.2	21.3	6.2	1.0	353,213
5 RHODE ISLAND	29.1	25.4	18.0	20.7	5.7	1.1	385,429
6 VERMONT	36.9	23.0	18.2	15.8	5.3	0.8	188,862
MIDDLE ATLANTIC STATES	25.7	23.1	18.1	22.0	9.5	1.6	14,687,833
7 DELAWARE	26.1	22.6	16.2	21.8	11.9	1.5	234,548
8 NEW JERSEY	24.8	22.1	16.7	22.5	12.0	1.8	2,964,986
9 NEW YORK	24.9	23.8	18.2	21.4	9.9	1.7	6,860,800
10 PENNSYLVANIA	27.2	22.8	18.9	22.7	7.3	1.2	4,627,499
NORTH CENTRAL STATES	27.8	21.1	17.5	23.2	8.9	1.4	22,778,080
11 ILLINOIS	25.7	20.5	17.1	24.1	10.9	1.7	4,602,973
12 INDIANA	27.3	22.0	17.3	23.9	8.4	1.2	2,085,922
13 IOWA	28.9	20.7	18.3	22.7	7.9	1.4	1,134,034
14 KANSAS	28.3	23.9	17.4	20.9	8.1	1.5	900,597
15 MICHIGAN	27.4	18.5	16.2	25.0	11.6	1.3	3,453,220
16 MINNESOTA	30.0	21.8	16.1	22.3	8.4	1.4	1,571,267
17 MISSOURI	27.5	26.2	17.3	20.3	7.5	1.2	1,832,973
18 NEBRASKA	32.8	21.1	18.0	19.9	7.0	1.2	626,105
19 NORTH DAKOTA	34.9	22.0	17.2	14.6	6.1	5.2	259,946
20 OHIO	27.0	20.9	19.5	23.8	7.6	1.2	4,230,461
21 SOUTH DAKOTA	30.1	30.9	16.8	16.3	5.1	0.9	259,719
22 WISCONSIN	31.0	19.0	18.1	23.9	6.9	1.1	1,820,881
SREB STATES	29.5	26.0	17.0	19.1	7.2	1.3	24,326,432
23 ALABAMA	28.9	27.9	17.1	18.5	6.6	1.0	1,259,907
24 ARKANSAS	33.3	27.0	17.2	16.6	4.9	1.1	742,277
25 FLORIDA	29.6	28.1	16.9	17.1	6.9	1.5	3,327,753

ALL NOTES AND FOOTNOTES ARE ON PAGE

TABLE 15 (CONTINUED)

STATE AND REGION	UNDER $5,000	$5,000-9,999	$10,000-14,999	$15,000-24,999	$25,000-49,999	$50,000 OR OVER	NUMBER OF RETURNS
SREB STATES (CONTINUED)							
26 GEORGIA	30.5	26.5	17.2	18.4	6.3	1.1	1,847,360
27 KENTUCKY	29.7	26.4	17.2	20.0	5.7	1.0	1,201,719
28 LOUISIANA	28.9	25.4	17.1	19.8	7.5	1.3	1,339,508
29 MARYLAND	27.5	19.3	16.6	22.8	12.2	1.6	1,655,299
30 MISSISSIPPI	32.3	28.5	17.5	16.3	4.6	0.9	747,706
31 NORTH CAROLINA	31.4	27.7	16.8	17.1	6.0	1.0	2,079,946
32 SOUTH CAROLINA	29.8	29.1	16.8	18.8	4.6	0.8	1,039,072
33 TENNESSEE	30.3	27.8	17.4	17.8	5.6	1.1	1,610,014
34 TEXAS	29.5	24.6	16.5	19.9	7.9	1.6	4,855,352
35 VIRGINIA	26.9	23.7	17.1	21.2	9.7	1.3	1,979,844
36 WEST VIRGINIA	26.8	24.7	19.1	22.5	5.8	1.0	640,695
MOUNTAIN STATES	30.9	23.8	16.8	20.3	7.0	1.2	5,014,807
37 ARIZONA	33.9	21.7	16.4	20.3	6.6	1.1	883,431
38 COLORADO	30.2	21.5	16.8	22.1	8.1	1.3	1,085,371
39 IDAHO	29.7	25.2	18.6	19.7	5.8	1.0	324,832
40 MONTANA	34.4	21.4	17.5	19.5	6.1	1.1	308,652
41 NEVADA	27.7	25.0	16.7	20.5	8.7	1.3	287,826
42 NEW MEXICO	31.6	28.3	15.5	17.3	6.4	0.9	458,148
43 OKLAHOMA	30.5	26.7	16.7	18.3	6.5	1.2	1,027,974
44 UTAH	29.5	23.1	17.1	22.7	6.6	0.9	471,185
45 WYOMING	26.5	21.6	16.9	24.8	8.9	1.3	167,388
PACIFIC STATES	28.1	22.5	16.2	21.1	10.6	1.6	12,035,991
46 ALASKA	18.4	18.1	11.1	18.6	28.7	5.0	167,741
47 CALIFORNIA	28.2	22.6	16.1	20.8	10.7	1.6	9,010,932
48 HAWAII	31.9	18.6	16.3	21.0	10.9	1.4	362,956
49 OREGON	28.9	24.5	16.4	21.5	7.6	1.2	987,121
50 WASHINGTON	27.5	21.4	16.8	22.6	10.4	1.4	1,508,041
DISTRICT OF COLUMBIA	24.5	27.6	18.7	15.7	11.4	2.1	307,160
ALL STATES INCLUDING DISTRICT OF COLUMBIA	28.2	23.4	17.2	21.1	8.6	1.4	84,161,038

TABLE 16

STATE AND LOCAL TAX ABILITY AND ABILITY UTILIZATION, AND EXTENT OF UTILIZATION: ALL TAXES AND MAJOR TAXES, FOR STATES, REGIONS, AND THE UNITED STATES, 1978

STATE AND REGION	TAX EFFORT ($1,000)	NET OVER AND UNDER UTILIZATION OF ABILITY ($1,000)	TAX ABILITY (COLS. 1+2) ($1,000)	PERCENTAGE OF ABILITY UTILIZED
NEW ENGLAND STATES	$ 11,909,028	$ -417,034	$ 11,491,993	103.6
1 CONNECTICUT	2,925,824	333,603	3,259,427	89.8
2 MAINE	826,814	16,565	843,379	98.0
3 MASSACHUSETTS	6,340,204	-932,427	5,407,776	117.2
4 NEW HAMPSHIRE	610,206	156,441	766,647	79.6
5 RHODE ISLAND	795,460	33,851	829,311	95.9
6 VERMONT	410,520	-25,064	385,455	106.5
MIDDLE ATLANTIC STATES	$ 41,220,380	$ -4,003,024	$ 37,217,355	110.8
7 DELAWARE	560,974	126,947	687,921	81.5
8 NEW JERSEY	7,284,960	405,811	7,690,771	94.7
9 NEW YORK	23,219,276	-6,017,150	17,202,125	135.0
10 PENNSYLVANIA	10,155,170	1,481,367	11,636,537	87.3
NORTH CENTRAL STATES	$ 48,867,931	$ 6,519,051	$ 55,386,982	88.2
11 ILLINOIS	10,309,768	1,141,076	11,450,844	90.0
12 INDIANA	3,800,485	1,052,106	4,852,591	78.3
13 IOWA	2,348,391	365,866	2,714,257	86.5
14 KANSAS	1,894,419	346,057	2,240,476	84.6
15 MICHIGAN	8,885,981	307,776	9,193,757	96.7
16 MINNESOTA	4,013,656	-224,265	3,789,390	105.9
17 MISSOURI	3,173,896	1,134,262	4,308,158	73.7
18 NEBRASKA	1,334,104	76,641	1,410,745	94.6
19 NORTH DAKOTA	473,289	97,647	570,936	82.9
20 OHIO	7,625,707	2,474,611	10,100,318	75.5
21 SOUTH DAKOTA	473,102	134,106	607,208	77.9
22 WISCONSIN	4,535,133	-386,830	4,148,302	109.3
SREB STATES	$ 46,660,939	$ 11,343,899	$ 58,004,838	80.4
23 ALABAMA	2,191,151	754,121	2,945,272	74.4
24 ARKANSAS	1,227,156	433,158	1,660,314	73.9
25 FLORIDA	6,131,683	1,659,714	7,791,397	78.7

TABLE 16 (CONTINUED)

STATE AND REGION	TAX EFFORT (1,000)	NET OVER AND UNDER UTILIZATION OF ABILITY (1,000)	TAX ABILITY (COLS. 1+2) (1,000)	PERCENTAGE OF ABILITY UTILIZED
SREB STATES (CONTINUED)				
26 GEORGIA	3,444,515	682,216	4,126,731	83.5
27 KENTUCKY	2,329,745	569,031	2,898,776	80.4
28 LOUISIANA	2,868,712	719,242	3,587,954	80.0
29 MARYLAND	4,085,017	33,032	4,118,049	99.2
30 MISSISSIPPI	1,442,687	239,248	1,681,935	85.8
31 NORTH CAROLINA	3,645,937	829,713	4,475,650	81.5
32 SOUTH CAROLINA	1,827,966	384,024	2,211,990	82.6
33 TENNESSEE	2,815,251	664,649	3,479,900	80.9
34 TEXAS	9,415,980	3,185,004	12,600,984	74.7
35 VIRGINIA	3,961,405	836,849	4,798,254	82.6
36 WEST VIRGINIA	1,273,734	353,898	1,627,632	78.3
MOUNTAIN STATES	$ 10,872,071	$ 1,047,297	$ 11,919,368	91.2
37 ARIZONA	2,207,238	-132,704	2,074,533	106.4
38 COLORADO	2,379,897	159,773	2,539,670	93.7
39 IDAHO	629,382	93,084	722,466	87.1
40 MONTANA	648,280	27,809	676,089	95.9
41 NEVADA	668,099	92,613	760,712	87.8
42 NEW MEXICO	932,476	130,901	1,063,377	87.7
43 OKLAHOMA	1,942,268	565,870	2,508,138	77.4
44 UTAH	969,399	85,810	1,055,209	91.9
45 WYOMING	495,032	24,139	519,171	95.4
PACIFIC STATES	$ 34,791,160	$ -4,435,023	$ 30,356,136	114.6
46 ALASKA	758,895	-201,790	557,104	136.2
47 CALIFORNIA	27,365,177	-4,411,808	22,953,368	119.2
48 HAWAII	949,877	-96,954	852,922	111.4
49 OREGON	2,178,261	121,950	2,300,211	94.7
50 WASHINGTON	3,538,950	153,581	3,692,531	95.8
DISTRICT OF COLUMBIA	$ 842,000	$ -77,824	$ 764,175	110.2
ALL STATES INCLUDING DISTRICT OF COLUMBIA	$ 195,163,509	$ 9,977,337	$ 205,140,846	95.1

TABLE 16 (CONTINUED)

PERCENTAGE OF ABILITY UTILIZED

STATE AND REGION	GENERAL SALES TAXES	SELECTIVE SALES TAXES	PROPERTY TAXES	INCOME TAXES	
				INDIVIDUAL	CORPORATE
NEW ENGLAND STATES	62.4	107.6	144.2	77.5	110.9
1 CONNECTICUT	92.8	97.5	124.0	11.5	103.4
2 MAINE	107.1	104.6	116.1	62.6	71.2
3 MASSACHUSETTS	44.7	105.0	165.1	129.7	125.2
4 NEW HAMPSHIRE	--	141.0	139.3	6.1	120.3
5 RHODE ISLAND	79.3	101.8	121.3	66.5	88.6
6 VERMONT	41.4	186.8	138.5	88.4	85.0
MIDDLE ATLANTIC STATES	90.5	59.0	119.0	122.0	118.7
7 DELAWARE	--	93.3	43.2	168.3	120.3
8 NEW JERSEY	61.3	108.6	136.2	50.1	87.6
9 NEW YORK	115.2	59.9	142.7	166.2	129.5
10 PENNSYLVANIA	76.2	50.9	72.5	98.8	123.1
NORTH CENTRAL STATES	85.4	77.5	93.4	84.8	90.6
11 ILLINOIS	101.0	59.4	96.0	69.1	55.7
12 INDIANA	108.6	39.2	81.3	59.1	67.0
13 IOWA	65.9	63.2	98.2	90.5	68.7
14 KANSAS	79.3	65.7	106.8	55.2	100.5
15 MICHIGAN	81.0	53.5	104.1	103.0	167.0
16 MINNESOTA	68.7	111.5	97.7	143.9	134.1
17 MISSOURI	94.8	79.5	67.6	62.6	45.1
18 NEBRASKA	91.2	97.6	119.7	62.7	58.2
19 NORTH DAKOTA	85.2	65.8	87.2	63.7	65.9
20 OHIO	67.0	89.4	79.8	69.6	76.3
21 SOUTH DAKOTA	102.8	77.6	113.9	--	8.6
22 WISCONSIN	86.4	64.8	110.2	158.2	116.3
SREB STATES	103.4	130.6	67.2	51.0	57.2
23 ALABAMA	113.4	183.4	28.2	61.8	51.5
24 ARKANSAS	94.7	93.0	49.2	64.1	90.2
25 FLORIDA	103.0	159.3	78.2	--	57.7

TABLE 16 (CONTINUED)

PERCENTAGE OF ABILITY UTILIZED

STATE AND REGION	GENERAL SALES TAXES	SELECTIVE SALES TAXES	PROPERTY TAXES	INCOME TAXES	
				INDIVIDUAL	CORPORATE
SREB STATES (CONTINUED)					
26 GEORGIA	106.5	99.5	73.7	74.6	86.1
27 KENTUCKY	92.3	101.8	46.7	98.3	86.7
28 LOUISIANA	149.4	97.8	38.1	31.3	104.0
29 MARYLAND	72.8	109.1	86.1	158.8	53.0
30 MISSISSIPPI	161.3	91.4	58.1	49.4	56.2
31 NORTH CAROLINA	79.9	109.9	57.9	97.0	89.9
32 SOUTH CAROLINA	103.8	109.1	57.0	81.5	97.5
33 TENNESSEE	149.8	143.4	57.9	3.7	87.3
34 TEXAS	97.5	151.9	85.9	--	--
35 VIRGINIA	66.4	133.9	70.8	93.6	60.3
36 WEST VIRGINIA	162.7	117.5	47.7	64.5	25.3
MOUNTAIN STATES	121.2	102.9	91.0	60.5	57.0
37 ARIZONA	165.8	111.3	122.1	56.1	54.9
38 COLORADO	127.7	70.8	103.3	76.1	59.7
39 IDAHO	82.3	74.4	83.3	100.7	83.1
40 MONTANA	--	89.0	148.7	98.4	79.6
41 NEVADA	115.6	264.9	92.2	--	--
42 NEW MEXICO	175.9	52.6	48.8	24.9	69.6
43 OKLAHOMA	83.1	123.6	49.8	53.8	66.7
44 UTAH	150.1	67.0	81.8	55.0	50.6
45 WYOMING	147.7	49.6	140.4	--	--
PACIFIC STATES	125.4	72.8	135.6	94.7	128.8
46 ALASKA	32.1	113.1	191.4	141.7	111.3
47 CALIFORNIA	125.4	61.1	146.2	101.6	155.7
48 HAWAII	197.7	111.0	53.3	128.8	56.2
49 OREGON	--	72.9	121.6	155.6	97.3
50 WASHINGTON	196.8	130.9	89.7	--	--
DISTRICT OF COLUMBIA	93.0	190.9	73.8	134.2	143.6
ALL STATES INCLUDING DISTRICT OF COLUMBIA	97.9	98.9	100.0	82.3	91.9

TABLE 17

TOTAL TAX REVENUE, BY LEVEL OF GOVERNMENT,
STATE TAXES AS A PERCENT OF TOTAL STATE AND LOCAL TAXES
FOR STATES, REGIONS, AND THE UNITED STATES, 1978
(IN THOUSANDS)

STATE AND REGION	STATE TAX REVENUE	LOCAL TAX REVENUE	TOTAL TAX REVENUE	STATE TAX REVENUE AS A PERCENT OF TOTAL TAX REVENUE
NEW ENGLAND STATES	$ 6,337,528	$ 5,571,500	$ 11,909,028	53.2
1 CONNECTICUT	1,550,424	1,375,400	2,925,824	53.0
2 MAINE	527,514	299,300	826,814	63.8
3 MASSACHUSETTS	3,300,804	3,039,400	6,340,204	52.1
4 NEW HAMPSHIRE	266,206	344,000	610,206	43.6
5 RHODE ISLAND	458,260	337,200	795,460	57.6
6 VERMONT	234,320	176,200	410,520	57.1
MIDDLE ATLANTIC STATES	$ 21,118,780	$ 20,101,600	$ 41,220,380	51.2
7 DELAWARE	449,774	111,200	560,974	80.2
8 NEW JERSEY	3,439,860	3,845,100	7,284,960	47.2
9 NEW YORK	10,934,176	12,285,100	23,219,276	47.1
10 PENNSYLVANIA	6,294,970	3,860,200	10,155,170	62.0
NORTH CENTRAL STATES	$ 29,307,531	$ 19,560,400	$ 48,867,931	60.0
11 ILLINOIS	5,774,368	4,535,400	10,309,768	56.0
12 INDIANA	2,454,685	1,345,800	3,800,485	64.6
13 IOWA	1,430,191	918,200	2,348,391	60.9
14 KANSAS	1,051,119	843,300	1,894,419	55.5
15 MICHIGAN	5,520,181	3,365,800	8,885,981	62.1
16 MINNESOTA	2,759,356	1,254,300	4,013,656	68.7
17 MISSOURI	1,784,396	1,389,500	3,173,896	56.2
18 NEBRASKA	680,204	653,900	1,334,104	51.0
19 NORTH DAKOTA	309,589	163,700	473,289	65.4
20 OHIO	4,230,607	3,395,100	7,625,707	55.5
21 SOUTH DAKOTA	223,602	249,500	473,102	47.3
22 WISCONSIN	3,089,233	1,445,900	4,535,133	68.1
SREB STATES	$ 30,232,439	$ 16,428,500	$ 46,660,939	64.8
23 ALABAMA	1,591,551	599,600	2,191,151	72.6
24 ARKANSAS	926,256	300,900	1,227,156	75.5
25 FLORIDA	3,764,283	2,367,400	6,131,683	61.4

TABLE 17 (CONTINUED)

STATE AND REGION	STATE TAX REVENUE	LOCAL TAX REVENUE	TOTAL TAX REVENUE	STATE TAX REVENUE AS A PERCENT OF TOTAL TAX REVENUE
SREB STATES (CONTINUED)				
26 GEORGIA	2,183,715	1,260,800	3,444,515	63.4
27 KENTUCKY	1,842,145	487,600	2,329,745	79.1
28 LOUISIANA	1,980,212	888,500	2,868,712	69.0
29 MARYLAND	2,405,217	1,679,800	4,085,017	58.9
30 MISSISSIPPI	1,106,487	336,200	1,442,687	76.7
31 NORTH CAROLINA	2,608,437	1,037,500	3,645,937	71.5
32 SOUTH CAROLINA	1,364,466	463,500	1,827,966	74.6
33 TENNESSEE	1,703,951	1,111,300	2,815,251	60.5
34 TEXAS	5,389,980	4,026,000	9,415,980	57.2
35 VIRGINIA	2,367,505	1,593,900	3,961,405	59.8
36 WEST VIRGINIA	998,234	275,500	1,273,734	78.4
MOUNTAIN STATES	$ 6,670,171	$ 4,201,900	$ 10,872,071	61.4
37 ARIZONA	1,307,338	899,900	2,207,238	59.2
38 COLORADO	1,212,097	1,167,800	2,379,897	50.9
39 IDAHO	428,882	200,500	629,382	68.1
40 MONTANA	345,280	303,000	648,280	53.3
41 NEVADA	390,599	277,500	668,099	58.5
42 NEW MEXICO	761,076	171,400	932,476	81.6
43 OKLAHOMA	1,315,468	626,800	1,942,268	67.7
44 UTAH	617,599	351,800	969,399	63.7
45 WYOMING	291,832	203,200	495,032	59.0
PACIFIC STATES	$ 20,023,460	$ 14,767,700	$ 34,791,160	57.6
46 ALASKA	563,495	195,400	758,895	74.3
47 CALIFORNIA	15,017,677	12,347,500	27,365,177	54.9
48 HAWAII	754,677	195,200	949,877	79.4
49 OREGON	1,206,761	971,500	2,178,261	55.4
50 WASHINGTON	2,480,850	1,058,100	3,538,950	70.1
DISTRICT OF COLUMBIA	--	$ 842,000	$ 842,000	--
ALL STATES INCLUDING DISTRICT OF COLUMBIA	$ 113,689,909	$ 81,473,600	$ 195,163,509	58.3

TABLE 18

STATE AND LOCAL TAX EFFORT AND ABILITY,
PER CAPITA AND PER $1,000 OF PERSONAL INCOME,
FOR STATES, REGIONS, AND THE UNITED STATES, 1978

STATE AND REGION	TAXES PER CAPITA		TAXES PER $1,000 OF PERSONAL INCOME	
	EFFORT	ABILITY	EFFORT	ABILITY
NEW ENGLAND STATES	$ 971.61	$ 937.59	$ 128.17	$ 123.68
1 CONNECTICUT	944.12	1,051.77	110.82	123.45
2 MAINE	757.85	773.03	125.38	127.89
3 MASSACHUSETTS	1,098.06	936.57	143.39	122.30
4 NEW HAMPSHIRE	700.58	880.19	102.32	128.56
5 RHODE ISLAND	850.76	886.96	118.11	123.13
6 VERMONT	842.96	791.49	136.45	128.12
MIDDLE ATLANTIC STATES	$ 1,101.91	$ 994.90	$ 139.11	$ 125.60
7 DELAWARE	962.22	1,179.97	117.78	144.43
8 NEW JERSEY	994.26	1,049.65	117.22	123.75
9 NEW YORK	1,308.28	969.24	163.53	121.15
10 PENNSYLVANIA	864.27	990.34	116.17	133.12
NORTH CENTRAL STATES	$ 838.89	$ 950.80	$ 110.28	$ 124.99
11 ILLINOIS	916.99	1,018.49	111.68	124.04
12 INDIANA	707.20	902.98	96.98	123.83
13 IOWA	810.91	937.24	108.33	125.21
14 KANSAS	806.82	954.21	108.36	128.15
15 MICHIGAN	967.02	1,000.52	119.42	123.56
16 MINNESOTA	1,001.41	945.46	134.32	126.82
17 MISSOURI	653.07	886.45	93.43	126.81
18 NEBRASKA	852.46	901.43	120.52	127.44
19 NORTH DAKOTA	725.90	875.67	108.93	131.41
20 OHIO	709.43	939.65	94.67	125.39
21 SOUTH DAKOTA	685.66	880.01	100.06	128.43
22 WISCONSIN	969.25	886.58	139.34	123.80
SREB STATES	$ 701.76	$ 872.37	$ 105.94	$ 131.69
23 ALABAMA	585.56	787.09	99.12	133.23
24 ARKANSAS	561.37	759.52	96.86	131.06
25 FLORIDA	713.48	906.61	100.92	128.24

TABLE 18 (CCATINUED)

STATE AND REGION	TAXES PER CAPITA EFFORT	TAXES PER CAPITA ABILITY	TAXES PER $1,000 OF PERSONAL INCOME EFFORT	TAXES PER $1,000 OF PERSONAL INCOME ABILITY
SREB STATES (CONTINUED)				
26 GEORGIA	677.52	811.71	106.33	127.39
27 KENTUCKY	666.02	828.70	106.56	132.59
28 LOUISIANA	723.33	904.68	116.63	145.87
29 MARYLAND	986.00	993.98	124.72	125.73
30 MISSISSIPPI	600.12	699.64	112.38	131.01
31 NORTH CAROLINA	653.75	802.52	104.20	127.91
32 SOUTH CAROLINA	626.44	758.05	105.96	128.21
33 TENNESSEE	646.14	798.69	105.12	129.93
34 TEXAS	723.53	968.26	101.54	135.89
35 VIRGINIA	769.50	932.06	105.96	128.35
36 WEST VIRGINIA	684.80	875.07	112.23	143.41
MOUNTAIN STATES	$ 825.52	$ 905.04	$ 122.02	$ 133.77
37 ARIZONA	937.65	881.28	138.84	130.50
38 COLORADO	891.35	951.19	120.59	128.69
39 IDAHO	716.84	822.85	114.77	131.74
40 MONTANA	825.83	861.26	128.97	134.50
41 NEVADA	1,012.27	1,152.59	122.33	139.29
42 NEW MEXICO	769.37	877.37	126.11	143.81
43 OKLAHOMA	674.40	870.88	103.62	133.81
44 UTAH	741.70	807.35	121.90	132.69
45 WYOMING	1,167.53	1,224.46	145.30	152.38
PACIFIC STATES	$ 1,167.02	$ 1,018.25	$ 144.73	$ 126.28
46 ALASKA	1,883.11	1,382.39	184.26	135.27
47 CALIFORNIA	1,227.47	1,029.58	150.04	125.85
48 HAWAII	1,058.95	950.86	134.61	120.87
49 OREGON	891.27	941.17	123.45	130.36
50 WASHINGTON	937.72	978.41	121.25	126.52
DISTRICT OF COLUMBIA	$ 1,249.26	$ 1,133.79	$ 130.76	$ 118.67
ALL STATES INCLUDING *DISTRICT OF COLUMBIA	$ 894.98	$ 940.73	$ 121.31	$ 127.52

TABLE 19

STATE AND LOCAL NONTAX GENERAL REVENUE, EFFORT AND ABILITY, NET UNUTILIZED TAX ABILITY, AND TOTAL NET TAX AND NONTAX UNUTILIZED ABILITY, FOR STATES, REGIONS, AND THE UNITED STATES, 1978 (IN THOUSANDS)

STATE AND REGION	EFFORT (NONTAX GENERAL REVENUE)	ABILITY (YIELD AT AT AVERAGE RATE)	NET UNUTILIZED ABILITY, NONTAX REVENUE	NET UNUTILIZED ABILITY, TAX REVENUE	TOTAL NET UNUTILIZED ABILITY, TAX AND NONTAX
NEW ENGLAND STATES	$ 2,240,800	$ 3,046,937	$ 806,137	$ -417,034	$ 389,102
1 CONNECTICUT	556,100	865,752	309,652	333,603	643,254
2 MAINE	196,200	216,241	20,041	16,565	36,606
3 MASSACHUSETTS	1,029,200	1,449,893	420,693	-932,427	-511,734
4 NEW HAMPSHIRE	156,800	195,550	38,750	156,441	195,191
5 RHODE ISLAND	195,300	220,848	25,548	33,851	59,399
6 VERMONT	107,200	98,652	-8,547	-25,064	-33,612
MIDDLE ATLANTIC STATES	$ 8,626,500	$ 9,716,401	$ 1,089,901	$ -4,003,024	$ -2,913,123
7 DELAWARE	192,500	156,184	-36,315	126,947	90,632
8 NEW JERSEY	1,503,700	2,037,929	534,229	405,811	940,040
9 NEW YORK	4,869,400	4,655,859	-213,540	-6,017,150	-6,230,691
10 PENNSYLVANIA	2,060,900	2,866,430	805,530	1,481,367	2,286,897
NORTH CENTRAL STATES	$ 13,786,000	$ 14,530,617	$ 744,617	$ 6,519,051	$ 7,263,667
11 ILLINOIS	2,084,500	3,027,131	942,631	1,141,076	2,083,707
12 INDIANA	1,101,600	1,284,978	123,378	1,052,106	1,175,484
13 IOWA	752,200	710,830	-41,369	365,866	324,496
14 KANSAS	635,000	573,279	-61,720	346,057	284,337
15 MICHIGAN	2,539,700	2,439,891	-99,808	307,776	207,967
16 MINNESOTA	1,275,800	979,808	-295,991	-224,265	-520,257
17 MISSOURI	830,400	1,113,989	283,589	1,134,262	1,417,851
18 NEBRASKA	496,600	362,982	-133,617	76,641	-56,976
19 NORTH DAKOTA	269,400	142,469	-126,930	97,647	-29,282
20 OHIO	2,384,600	2,641,433	256,833	2,474,611	2,731,444
21 SOUTH DAKOTA	183,200	155,037	-28,162	134,106	105,942
22 WISCONSIN	1,173,000	1,058,790	-74,209	-386,830	-461,040
SREB STATES	$ 15,635,700	$ 14,443,433	$ -1,192,266	$ 11,343,899	$ 10,151,632
23 ALABAMA	951,300	724,897	-226,402	754,121	527,719
24 ARKANSAS	416,100	415,423	-676	433,158	432,481
25 FLORIDA	2,215,300	1,992,283	-223,016	1,659,714	1,436,697

TABLE 19 (CONTINUED)

STATE AND REGION	EFFORT (NONTAX GENERAL REVENUE)	ABILITY (YIELD AT AT AVERAGE RATE)	NET UNUTILIZED ABILITY, NONTAX REVENUE	NET UNUTILIZED ABILITY, TAX REVENUE	TOTAL NET UNUTILIZED ABILITY, TAX AND NONTAX
SREB STATES (CONTINUED)					
26 GEORGIA	1,294,300	1,062,261	-232,038	682,216	450,176
27 KENTUCKY	682,200	716,913	34,713	569,031	603,743
28 LOUISIANA	1,132,600	806,556	-326,043	719,242	393,197
29 MARYLAND	1,156,600	1,074,033	-82,566	33,032	-49,534
30 MISSISSIPPI	597,100	420,973	-176,126	239,248	63,120
31 NORTH CAROLINA	965,700	1,147,379	181,679	829,713	1,011,392
32 SOUTH CAROLINA	655,900	565,721	-90,178	384,024	293,845
33 TENNESSEE	939,900	878,221	-61,678	664,649	602,970
34 TEXAS	3,177,200	3,040,739	-136,460	3,185,004	3,048,544
35 VIRGINIA	1,106,100	1,225,881	119,781	836,849	956,629
36 WEST VIRGINIA	345,400	372,155	26,755	353,698	380,453
MOUNTAIN STATES	$ 3,709,100	$ 2,921,765	$ -787,334	$ 1,047,297	$ 259,961
37 ARIZONA	534,500	521,289	-13,210	-132,704	-145,915
38 COLORADO	807,500	647,141	-160,358	159,773	-584
39 IDAHO	217,000	179,827	-37,172	93,084	55,911
40 MONTANA	216,500	164,825	-51,674	27,809	-23,865
41 NEVADA	235,600	179,081	-56,518	92,613	36,094
42 NEW MEXICO	445,100	242,466	-202,633	130,901	-71,732
43 OKLAHOMA	725,600	614,654	-110,945	565,870	454,924
44 UTAH	339,000	260,763	-78,236	85,810	7,574
45 WYOMING	188,300	111,719	-76,580	24,139	-52,440
PACIFIC STATES	$ 8,610,600	$ 7,882,589	$ -734,010	$ -4,935,023	$ -5,169,034
46 ALASKA	432,200	135,050	-297,149	-201,790	-498,940
47 CALIFORNIA	5,882,900	5,980,498	97,598	-4,411,808	-4,314,210
48 HAWAII	245,900	231,383	-14,516	-96,954	-111,471
49 OREGON	828,600	578,600	-249,999	121,950	-128,049
50 WASHINGTON	1,227,000	957,059	-269,940	153,581	-116,360
DISTRICT OF COLUMBIA	$ 138,200	$ 211,159	$ 72,959	$ -77,824	$ -4,866
ALL STATES INCLUDING DISTRICT OF COLUMBIA	$ 52,752,900	$ 52,752,900	$ 0	$ 9,977,337	$ 9,977,337

DETAILED ANALYSIS OF TAX PERFORMANCE

A National Overview, 1967 to 1978

In the eleven-year span from fiscal 1967 to fiscal 1978, state and local taxes increased 218.0 percent, from $61.5 billion to $195.7 billion. In the same (calendar) period, personal income increased by 175.6 percent. State and local taxes are relatively unresponsive to economic growth (inelastic in economic terms); however, several new tax impositions and numerous rate and base increases resulted in tax growth in excess of personal income growth. Legislation in the income taxes and the general and selective sales taxes were the favorites for increased emphasis over the period. The income taxes, because of their higher responsiveness to economic growth, showed the greatest growth (473.2 percent for the individual income taxes and 385.2 percent for the corporation income taxes), with general sales taxes not far behind (310.5 percent). The collections and growth rates are presented in Table D. Selective sales and license taxes have very moderate growth despite some legislative increases because they are largely volume taxes for which price increases do not influence tax liability.

In the late 1960s and early 1970s legislative tax increases were numerous. Legislation was dominated by higher rates and generally stable or expanding bases. However, credits and exemptions for pollution abatement equipment and low income taxpayers became increasingly popular in the

TABLE D

STATE AND LOCAL TAX COLLECTIONS
SELECTED YEARS, 1967 - 1978
BY MAJOR TAX SOURCE AND TOTAL
(In Millions)

Year	General Sales and Gross Receipts Taxes	Selective Sales and Gross Receipts Taxes	General Property Taxes	Income Taxes		Motor Fuels Taxes	Motor Vehicle License Taxes	Total Taxes
				Individual	Corporation			
1967	$10,104	$ 5,341	$26,186	$ 5,775	$2,227	$4,856	$2,299	$ 61,532
1970*	16,078	8,366	34,083	10,795	3,756	6,318	2,904	88,351
1972	20,292	10,971	42,132	15,234	4,401	7,272	3,334	110,392
1974	26,314	12,638	47,759	19,465	6,040	8,278	3,755	132,500
1976	32,044	14,664	57,002	24,490	7,328	8,728	4,366	158,426
1977	36,313	15,982	62,534	29,200	9,230	9,163	4,597	177,492
1978	41,473	17,365	66,420	33,103	10,806	9,598	4,805	195,164
Percentage Growth								
1967 - 1978	310.5	225.1	153.6	473.2	385.2	97.7	109.0	217.2
1974 - 1976	21.8	16.0	19.4	25.8	21.3	5.4	16.3	19.5
1976 - 1977	13.3	9.0	9.7	19.2	26.0	5.0	5.3	12.0
1977 - 1978	14.2	8.6	6.2	13.4	17.1	4.7	4.5	10.0

* The District of Columbia statistics on tax collections are included from 1970. Prior to 1970 nonallocable selective sales and gross receipts taxes were entered as "other and unallocable taxes"; in 1970 and after, as "other selective sales and gross receipts taxes."

SOURCE: Kenneth E. Quindry and Niles C. Schoening, State and Local Tax Ability and Effort, 1977, Table D and Tables 1-11 of this report.

property and sales taxes. Property tax growth, though substantial (153.6 percent), was less than growth in personal income.

Fiscal year 1978 began to see a turn in collections as a result of the recent tax and spending limitations. Taxes continued to grow but at a rate substantially less than personal income. In an effort to reduce the impact of inflation, several states indexed elements of the income taxes or took other steps to reduce these taxes. Motor fuel shortages, conservation measures, and higher fuel prices reduced growth rates of motor vehicle-related taxes. General sales and corporation income taxes seemed relatively unaffected by these events. From 1977 to 1978, taxes increased by 10.0 percent and personal income by 11.9 percent. However, when taxes are adjusted for inflation, several states show a decline in collections. In real terms, these states will be able to provide fewer public services unless economies can be introduced.

While personal income was increasing by 175.6 percent from 1967 to 1978, the state and local ability to collect taxes based on average effort increased by 210.1 percent (Table E). Unutilized ability increased 15.9 percent from 1977 to 1978. Despite the intensive and extensive legislative activity, the unutilized ability as well as collections increased annually from 1967 to 1978. The changes noted above have resulted in a state-local tax system that demonstrated slower growth and less natural elasticity to economic growth. As state-local tax systems approach uniformity, tax ability should grow slower than collections. However, from 1977 to 1978 unutilized ability increased substantially, due primarily to legislated

TABLE E

STATE AND LOCAL TAX ABILITY
SELECTED YEARS, 1967 - 1978
BY MAJOR TAX SOURCE AND TOTAL
(In Millions)

Year	General Sales and Gross Receipts Taxes	Selective Sales and Gross Receipts Taxes	General Property Taxes	Income Taxes		Motor Fuels Taxes	Motor Vehicle License Taxes	Total Ability
				Individual	Corporation			
1967	$10,653	$ 5,254	$26,326	$ 8,354	$ 3,140	$4,869	$2,304	$ 66,157
1970	16,391	8,880	34,082	13,208	4,467	6,318	2,904	91,903
1972	20,696	11,111	42,132	18,620	4,762	7,272	3,334	114,788
1974	26,854	12,789	47,759	23,004	6,510	8,278	3,755	137,620
1976	32,710	14,867	57,002	30,203	7,953	8,728	4,366	166,133
1977	37,066	16,163	62,535	35,383	10,032	9,163	4,597	186,101
1978	42,352	17,560	66,420	40,208	11,762	9,598	4,805	205,141
Percentage Growth								
1967 - 1978	298.4	234.2	152.3	381.3	274.4	97.1	108.6	210.1
1974 - 1976	21.8	16.2	19.4	31.3	22.2	5.4	16.3	20.7
1976 - 1977	13.3	8.7	9.7	17.2	26.1	5.0	5.3	12.0
1977 - 1978	14.3	8.6	6.2	13.6	17.2	4.7	4.5	10.2

SOURCE: Kenneth E. Quindry and Niles C. Schoening, State and Local Tax Ability and Effort, 1978, Table E; and Tables 1-11 of this report.

efforts to reduce the growth in taxes. These developments over the last decade, and even longer, have resulted in a relative decline in property taxes and a relative increase in income and general sales taxes. Ordinarily this would mean greater tax responsiveness to economic growth and decreased regressiveness of state and local taxes, but this trend may be partially muted by extensive indexing of major income taxes.

Developments from 1977 to 1978

As noted in Tables D and E, state and local tax collections increased at a slightly slower pace than ability as measured in this report (or than personal income). This resulted in a lower effort as related to personal income even though dollars of collections increased (Table F) from 1977 to 1978. Tax collections as a percent of personal income decreased in three regions (New England, Middle Atlantic, and North Central). They were down mildly in the SREB and Mountain regions, but by less than one-tenth of a percent. Only in the Pacific region did tax effort increase in relation to personal income. As a consequence of these complex changes in personal income and collections ratios, dollars of overutilized ability decreased in the New England and Middle Atlantic regions and underutilization increased in the North Central and SREB regions. Overutilization increased in the Pacific region and little change is noted in the Mountain region.

For the 50 states and the District of Columbia, state and local tax collections increased by 10.0 percent (Table D), ability by 10.2 percent (Table E), unutilized ability by 15.9 percent (Table F), and personal

TABLE F

TAX EFFORT AND NET UNUTILIZED ABILITY,
BY REGION, 1977 AND 1978,
WITH PERCENTAGE CHANGE
(Amounts in Millions)

Region	Tax Effort			Unutilized Ability		
	1977	1978	Percentage Change	1977	1978	Percentage Change
New England States	$ 10,956	$ 11,909	8.7	$ -423	$ -417	-1.4
Middle Atlantic States	38,874	41,220	6.0	-4,363	-4,003	-8.3
North Central States	44,923	48,868	8.8	5,035	6,519	29.5
SREB States	41,733	46,661	11.8	10,566	11,344	7.4
Mountain States	9,615	10,872	13.1	1,072	1,047	-2.3
Pacific States	30,623	34,791	13.6	-3,245	-4,435	36.7
District of Columbia	767	842	9.8	-32	-78	143.8
TOTAL	$177,492	$195,163	10.0	$8,609	$9,977	15.9

SOURCE: Kenneth E. Quindry and Niles C. Schoening, State and Local Tax Ability and Effort, 1977, Table 16; and Table 16 of this report. In this table and in Tables G through K, a minus sign indicates overutilization of ability. Thus a percentage increase in connection with a negative overutilization means greater overutilization, while a percentage decrease with negative overutilization means less overutilization. No sign (positive) indicates underutilization of ability. Thus a percentage increase in connection with a positive sign means underutilization has increased, while a percentage decrease means that underutilization has decreased.

income by 11.4 percent. Taxes as a percentage of personal income decreased from 12.3 percent to 12.1 percent from 1977 to 1978.

Regional patterns change slowly, but the 1977 to 1978 developments are consistent with long-run trends. The tax base is slowly shifting from the East Coast and the Midwest to the South, Southwest and West. Tables G through K present data on regional variations in collections and underutilization for five major sources in 1977 and 1978.

General Sales and Gross Receipts Taxes (Table G)

Taxes increased by 14.2 percent and net underutilization by 16.6 percent, indicating a lessening of tax effort nationwide. Overutilization increased in three areas (SREB, Mountain, and Pacific) and underutilization in three (New England, Middle Atlantic, and North Central). The West and South continued to overutilize this source and the East and Midwest to underutilize it. The general tendency was for taxes as a percent of personal income to increase in regions where taxes increase at a faster pace than personal income (Middle Atlantic, SREB, Mountain, and Pacific regions) and decrease in regions where the personal income increase is greater (New England and North Central regions).

Selective Sales and Gross Receipts (Table H)

Tax collections increased by 8.6 percent from 1977 to 1978, a little less than three-fourths as fast as personal income. Ability also increased, but not all the extra ability was utilized. Underutilization increased,

TABLE G

STATE AND LOCAL GENERAL SALES TAXES, COLLECTIONS AND UNUTILIZED ABILITIES
BY REGION, 1977 AND 1978, WITH PERCENTAGE CHANGE
(Amounts in Millions)

Region	Tax Collections			Unutilized Ability		
	1977	1978	Percentage Change	1977	1978	Percentage Change
New England States	$ 1,369	$ 1,525	9.2	$ 796	$ 921	15.7
Middle Atlantic States	6,356	7,063	11.1	645	737	14.3
North Central States	8,891	9,965	12.1	1,237	1,701	37.5
SREB States	10,266	11,985	16.7	-182	-390	114.3
Mountain States	2,388	2,842	19.0	-368	-496	34.8
Pacific States	6,901	7,935	15.0	-1,384	-1,606	16.0
District of Columbia	141	158	12.1	10	12	20.0
TOTAL	$36,313	$41,473	14.2	$ 754	$ 879	16.6

SOURCE: Kenneth E. Quindry and Niles C. Schoening, State and Local Tax Ability and Effort, 1977, Table 1; and Table 1 of this report.

TABLE H

STATE AND LOCAL SELECTIVE SALES TAXES, COLLECTIONS AND UNUTILIZED ABILITY
BY REGION, 1977 AND 1978, WITH PERCENTAGE CHANGE
(Amounts in Millions)

Region	Tax Collections			Unutilized Ability		
	1977	1978	Percentage Change	1977	1978	Percentage Change
New England States	$ 1,090	$ 1,091	0.1	$ -106	$ -77	-27.4
Middle Atlantic States	3,097	3,201	3.4	-44	34	--
North Central States	3,480	3,749	7.8	936	1,087	16.1
SREB States	5,640	6,277	11.3	-1,242	-1,469	18.3
Mountain States	905	1,001	10.6	-24	-28	16.7
Pacific States	1,715	1,911	11.4	691	713	3.2
District of Columbia	88	134	53.4	-30	-64	113.3
TOTAL	$15,982	$17,364	8.6	$ 180	$ 196	8.9

SOURCE: Kenneth E. Quindry and Niles C. Schoening, State and Local Tax Ability and Effort, 1977, Table H; and Table 2 of this report.

indicating less tax effort in the area of selective sales taxes. In five regions unutilized ability increased or overutilization decreased. In the Middle Atlantic region, collections shifted from over- to underutilization, indicating a significant decrease in tax effort.

Property Taxes (Table I)

The trend toward lesser effort in the property taxes continued in 1978. Collections increased only 6.2 percent, just over half as fast as personal income. Overutilization increased on the East and West Coasts while underutilization increased in the North Central, SREB, and Mountain regions.

In this and other cases in which all 50 states and the District of Columbia employ a tax, it should be clear that ability is exactly equal to effort because ability is simply an average of ability.

Four other things need to be remembered in relation to property tax growth. Not only is it a relatively slow-growing tax because of often weak administration, but also it is being increasingly limited by tax exemptions, especially for personal property taxes. Several states have adopted, or will soon, limits on the level and growth of property taxes. Effort is increasingly limited by state property tax rebates and credits granted to aged, disabled, and other low-income individuals. Gross property tax collections are often reported, but the net effect is reduced through the credits and rebates that are registered in state budgets as an expenditure. Finally, tax favors for industry are becoming more popular in several states.

TABLE 1

STATE AND LOCAL PROPERTY TAXES, COLLECTIONS AND UNUTILIZED ABILITY
BY REGION, 1977 AND 1978, WITH PERCENTAGE CHANGE
(Amounts in Millions)

Region	Tax Collections			Unutilized Ability		
	1977	1978	Percentage Change	1977	1978	Percentage Change
New England States	$ 5,171	$ 5,534	7.0	$-1,519	$-1,697	11.7
Middle Atlantic States	13,913	14,560	4.7	-2,102	-2,326	10.7
North Central States	16,410	17,094	4.2	677	1,202	77.5
SREB States	11,290	12,230	8.3	5,723	5,956	4.1
Mountain States	3,101	3,349	8.0	307	330	7.5
Pacific States	12,484	13,459	7.8	-3,177	-3,534	11.2
District of Columbia	166	196	18.1	90	70	-22.2
TOTAL	$62,535	$66,420	6.2	--	--	--

SOURCE: Kenneth E. Quindry and Niles C. Schoening, State and Local Tax Ability and Effort, 1977, Table 1; and Table 4 of this report.

Individual Income Taxes (Table J)

In spite of the early effects of indexing of income tax deductions and exemptions, other downward adjustments in deductions and exemptions, and limited tax increases, collections grew in excess of personal income. The high rate of inflation was largely responsible. Collections increased by 13.4 percent and ability by 13.6 percent. Underutilization increased by 14.9 percent, by $922 million.

In two of six geographic areas, underutilization declined (New England and Pacific) and in three it increased (North Central, SREB, and Mountain). In the remaining area (Middle Atlantic) overutilization declined. Thus, in five areas the apparent tax effort declined. Underutilization remained highly significant in the SREB and the North Central regions while overutilization was extensive in the Middle Atlantic region.

Corporation Income Taxes (Table K)

As with the individual income taxes, corporation income taxes grew significantly more than personal income from 1977 to 1978 (by 17.1 percent). Ability increased only a little more, resulting in a slightly lower tax effort and a mild growth in underutilization. In five areas overutilization was reduced or underutilization was increased. In one (Pacific), overutilization increased; underutilization continued to be significant in the SREB region while overutilization was still significant in the East and West Coast areas.

TABLE J

STATE AND LOCAL INDIVIDUAL INCOME TAXES, COLLECTIONS AND UNUTILIZED ABILITY
BY REGION, 1977 AND 1978, WITH PERCENTAGE CHANGE
(Amounts in Millions)

Region	Tax Collections			Unutilized Ability		
	1977	1978	Percentage Change	1977	1978	Percentage Change
New England States	$ 1,507	$ 1,799	19.4	$ 559	$ 523	-6.4
Middle Atlantic States	8,686	9,035	4.0	-2,003	-1,630	-18.6
North Central States	8,219	9,394	14.3	1,450	1,681	15.9
SREB States	4,835	5,619	16.2	4,791	5,390	12.5
Mountain States	1,156	1,347	16.5	773	880	13.8
Pacific States	4,596	5,692	23.8	670	316	-52.8
District of Columbia	201	216	7.5	-56	-55	-1.8
TOTAL	$29,200	$33,103	13.4	$ 6,183	$ 7,105	14.9

SOURCE: Kenneth E. Quindry and Niles C. Schoening, State and Local Tax Ability and Effort, 1977, Table J; and Table 5 of this report.

TABLE K

STATE AND LOCAL CORPORATION INCOME TAXES, COLLECTIONS AND UNUTILIZED ABILITY
BY REGION, 1977 AND 1978, WITH PERCENTAGE CHANGE
(Amounts in Millions)

Region	Tax Collections			Unutilized Ability		
	1977	1978	Percentage Change	1977	1978	Percentage Change
New England States	$ 724	$ 753	4.0	$ -139	$ -74	-46.8
Middle Atlantic States	2,323	2,572	10.7	-428	-405	-5.4
North Central States	2,472	2,936	18.8	269	303	12.6
SREB States	1,545	1,841	19.2	1,184	1,379	16.5
Mountain States	313	371	18.5	233	280	20.2
Pacific States	1,796	2,264	26.1	-303	-507	67.3
District of Columbia	56	68	21.4	-15	-20	33.3
TOTAL	$9,230	$10,806	17.1	$ 802	$ 956	19.2

SOURCE: Kenneth E. Quindry and Niles C. Schoening, State and Local Tax Ability and Effort, 1977, Table J; and Table 5 of this report.

THE PURCHASING POWER OF STATE AND LOCAL TAX EFFORT AND ABILITY, 1970 TO 1978

State and local tax collections increased by 121.4 percent in current dollars from 1970 to 1978 and by 26.2 percent in dollars of 1972 value.* When further adjusted for population growth, real growth (per capita) was only 18.9 percent or about three percent per year. While this growth was relatively modest, it may represent some improvement in the quality and quantity of state and local public services. Because of the negative real growth in the 1974 to 1975 period, real tax collections declined, even though current dollar collections increased by 7.9 percent. Real growth was a little below average in 1978 and will possibly fall farther in 1979 and 1980 as a result of the expected leveling and possible decline in real economic growth. Current and constant dollar collections and the deflators are presented in Table L.

Growth in effort and ability were roughly parallel in the period 1970 to 1978; however, ability declined by only a minimal amount in the 1974-75 period. Throughout the period ability has consistently been near four percent greater than collections (effort). Data in Table M reflect the growth in current and constant dollar abilities. Unutilized ability data are presented in Table N. The unutilized amount grew steadily throughout

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* Current dollar collections deflated by the use of the state-local price deflators provided by the U.S. Department of Commerce. These deflators (1972 = 100) represent the increases in prices states and local governments must pay for goods and services they purchase.

TABLE L

TOTAL STATE AND LOCAL TAX COLLECTIONS
CURRENT AND CONSTANT (1972) DOLLARS
SELECTED YEARS, 1970-1978
(In Thousands)

Year	Current	Constant	Deflator
1970	$ 88,351,072	$100,857,388	87.6
1972	110,392,160	110,392,160	100.0
1974	132,500,368	116,126,528	114.1
1975	143,009,333	114,774,746	124.6
1976	158,425,714	118,316,441	133.9
1977	177,491,987	123,601,662	143.6
1978	195,163,509	126,976,909	153.7

SOURCE: Quindry and Schoening, op. cit., Table I and Table 22 of this report. Deflator from the Survey of Current Business.

TABLE M

STATE AND LOCAL TAX ABILITY
CURRENT AND CONSTANT (1972) DOLLARS
SELECTED YEARS, 1970-1978
(In Thousands)

Year	Current	Constant	Deflator
1970	$ 91,902,944	$104,912,037	87.6
1972	114,788,480	114,788,480	100.0
1974	137,619,712	120,613,245	114.1
1975	149,976,957	120,366,739	124.6
1976	166,132,835	124,072,319	133.9
1977	186,101,218	129,596,948	143.6
1978	205,140,846	133,468,319	153.7

SOURCE: Quindry and Schoening, op. cit., Table J and Table 16 of this report. Deflator from the Survey of Current Business.

TABLE N

STATE AND LOCAL UNUTILIZED ABILITY TAX COLLECTIONS
CURRENT AND CONSTANT (1972) DOLLARS
SELECTED YEARS, 1970-1978
(In Thousands)

Year	Current	Deflated	Deflator
1970	$ 3,551,872	$ 4,054,648	87.6
1972	4,396,160	4,396,160	100.0
1974	5,119,344	4,486,717	114.1
1975	6,967,624	5,591,994	124.6
1976	7,707,121	5,755,878	133.9
1977	8,609,231	5,995,286	143.6
1978	9,977,337	6,491,436	153.7

SOURCE: Quindry and Schoening, op. cit., Table K and Table 16 of this report. Deflator from Survey of Current Business.

the period in both current and constant dollars, the constant dollars by 8.3 percent from 1977 to 1978 in spite of the high rate of inflation.

ABILITY AND EFFORT, 1978

General Sales and Use Taxes (Table 1)

Effort to collect general sales taxes continued to climb in 1978 with reference to personal income. The rate for $1,000 of personal income increased from $24.83 in 1975 to $26.01 in 1978. The rate for 1977 was $25.56. This last increase came despite only a few legislative increases and several actions designed to reduce sales tax burdens. Productivity increased primarily because installment credit increased substantially and personal savings were low. These conditions continued through calendar 1979, but will probably come to an end in early 1980. A reversal of these factors will result in slow sales tax growth in fiscal 1979 and possibly 1980.

General sales taxes of $41.5 billion represented the second largest state-local tax source, accounting for 21.1 percent of collections. About 28.9 percent of the collections were in the SREB region where sales taxes accounted for 25.7 percent of collections.

Sales taxes continued to be overutilized in three geographic regions, most notably in the Pacific states (California and Washington, especially), the Mountain states (six of nine states), and the SREB states (seven of the 14 states, especially Tennessee, Louisiana, and Mississippi). Major over-utilizing states were Arizona, Hawaii, Louisiana, Mississippi, New Mexico, Tennessee, and Utah, each utilizing ability in excess of 150 percent.

Low effort was registered in Iowa, Massachusetts, New Jersey, Vermont, and Virginia, each utilizing two-thirds or less of their computed ability.

Productivity is influenced by both the level of the rate and the extent of the base. Rates ranged from a low of two percent in Oklahoma to seven percent in Connecticut. The most common state rate was three or four percent (31 states). At least 13 states had higher rates (Table O). Many of the high-rate states reduced productivity by exempting food and medicines or by extending lower rates to major taxable sales (autos, agricultural or manufacturing machinery). On the other hand, 28 states reported local tax collections in one or more local jurisdictions. Alaska has only local taxes, and the District of Columbia tax is local. Local collections accounted for 15 percent of total collections in 1978. Significant collections were in California, Colorado, Illinois, New York, Tennessee, and Texas. Over 40 percent of the New York collections were local, while in the other five states, collections were 17 percent to 20 percent of total collections.

In 1978, four states (Delaware, Montana, New Hampshire, and Oregon) still did not employ a state tax (Alaska has only a local tax). Ability was 2.1 percent greater than effort, resulting in a net underutilization for the nation of $879 million.

Selective Sales Taxes (Table 2)

Included in this category of taxes are those on alcoholic beverages, tobacco products, insurance (gross receipts), public utility (gross receipts), and a catchall category of other selective sales taxes. Growth in those

TABLE O

STATE GENERAL SALES TAX RATES AS OF JANUARY 1, 1978
AND EXEMPTIONS OF FOOD AND MEDICINES AS OF JULY 1, 1979

State	Tax Rate (Percent)	Food[1]	Medicine[2]
Alabama[3]	4.00	--	X[4]
Arizona[3]	4.00	--	X
Arkansas[3]	3.00	--	X
California[3]	4.75	X	X
Colorado[3]	3.00	--	X
Connecticut	7.00	X	X
District of Columbia	5.00	X	X
Florida[3]	4.00	X	X
Georgia[3]	3.00	--	--
Hawaii	4.00	--	--
Idaho	3.00[8]	--	X
Illinois[3]	4.00	--	--
Indiana	4.00	X	X
Iowa	3.00	X	X
Kansas[3]	3.00	--	X
Kentucky[3]	5.00	X	X
Louisiana[3]	3.00	X	X
Maine	5.00	X	X
Maryland	5.00	X	X
Massachusetts	5.00	X	X
Michigan	4.00	X	X
Minnesota[3]	4.00	X	X
Mississippi	5.00	--	X
Missouri[3]	3.13	--	--
Nebraska[3]	3.00	--	X
Nevada[3]	3.00	X[9]	X
New Jersey	5.00	X	X
New Mexico[3]	3.75	--	--
New York[3]	4.00	X	X
North Carolina[3]	3.00	--	X
North Dakota	3.00	X	X
Ohio[3]	4.00	X	X
Oklahoma[3]	2.00	--	--
Pennsylvania[3]	6.00	X	X
Rhode Island	6.00	X	X

TABLE O

(Continued)

State	Tax Rate (percent)	Food[1]	Medicine[2]
South Carolina	4.00	--	X[5]
South Dakota[3]	4.00[6]	--	X
Tennessee[3]	4.50	--	X
Texas[3]	4.00	X	X
Utah[3]	4.00	--	X
Vermont	3.00	X	X
Virginia[3]	3.00	--	X
Washington[3]	4.50	--	X
West Virginia[3]	3.00	--	X
Wisconsin[3]	4.00	X	X
Wyoming[3]	3.00[7]	--	X

1. Food exemptions usually apply to "food for human consumption off the premises where sold." Restaurant meals are taxable in all states, although meals costing less than a specified amount are exempt in some states.

2. The exemption is usually applicable to medicine sold on prescription or compounded by druggists, and often to medical and dental aids and devices. Some states exempt patent medicines and household remedies.

3. Local tax rates are additional.

4. Limited to prescription medicine for persons 65 or older.

5. Limited to persons 50 or older and totally and permanently disabled.

6. Persons 65 or older and disabled persons are allowed a credit for sales tax paid. For single individual taxpayers the credit ranges from $88 if federal adjusted gross income is not over $2,200 to $0 if AGI exceeds $3,700. For households with more than one individual, the credit ranges from $176 if AGI is not over $4,400 to $0 if AGI exceeds $5,900.

7. Residents 65 or older or totally disabled are eligible for a $100 sales and use tax refund reduced by the percentage that income exceeds $4,000 per year. Married persons, at least one of whom is 65 or older or disabled, are allowed a refund equal to $150 reduced by the percentage that their actual income exceeds $6,000 per year.

8. Food and medicine taxed at 3 percent after January 1, 1980.

9. Contingent on passage of constitutional admendment.

SOURCE: State Tax Guide, Commerce Clearinghouse, Inc.

taxes based on sales prices (insurance and public utilities), as expected, continued to outperform those based on physical sales alone (alcoholic beverage and tobacco products) because of extensive price increases from 1977 to 1978. Both the ability and effort grew just less than 9 percent (less than personal income), and underutilization increased moderately. These taxes are basically income-inelastic because consumption is highly responsive to rather stable per capita use.

The SREB group of states, as in past years, continued to overutilize all five sources; the alcoholic beverages, the public utility, and the "other" taxes were especially heavy. On the contrary, the North Central states underutilized all five sources substantially with the exception of the tobacco taxes. The Pacific region underutilized four sources substantially; the insurance taxes were slightly overutilized. In the other three geographic regions overall effort was reasonably close to ability.

The greatest variation in utilization was in the public utility taxes and the "other" category of taxes. Public utility utilization varied from underutilization of $419.3 million in the Pacific region to $502.6 million overutilization in the SREB region. In the "other" category, the range was from underutilization of $454.2 million in the North Central region to $479.4 million overutilization in the SREB region.

For the alcoholic beverages, tobacco, and insurance taxes, the nationwide effort equalled ability because all 50 states and the District of Columbia employed the taxes in 1978. In the public utility sales taxes, only Massachusetts reported no revenue; thus, it recorded an unutilized

amount equal to that of the nation. Four states reported no "other" selective sales taxes. This category is primarily admissions taxes often included in general sales taxes. Selective sales taxes are usually levied in addition to general sales taxes on the same sales. Almost one-fifth of the selective sales taxes are levied by local governments--over one-third in the case of the public utility taxes.

While the regional patterns are evident, state patterns within the regions are just as varied. Tax bases (excepting the "other" category) are fairly standard. State variations are largely due to rate variations. States with high rates generally overutilize and those with low rates underutilize the computed abilities. This characteristic is most evident in the tobacco products taxes (mostly cigarette taxes). Table 2 data indicate substantial underutilization in Kentucky, North Carolina, and Virginia, where state rates range from two to three cents per package of twenty cigarettes. Virginia has an offsetting local tax that enhanced collections in 1978 by $13.8 million. Five other states report some local collections. The most extensive is New York.

On the other hand, Connecticut and Massachusetts (rate, 21¢) and New York (rate, 15¢ and substantial local collections) substantially overutilize the source. A glance at Tables 2 and P indicates a high positive correlation between the cigarette tax rates and utilization. About one-third of the states tax tobacco products other than cigarettes, but the yield is less than one-fifth of the total in those states.

TABLE P

CIGARETTE TAX RATES
(Cents per Package)

Region and State	April 1, 1978	June 1, 1979	Region and State	September 1, 1977	April 1, 1978
New England States					
Connecticut	21.00	21.00	Georgia	12.00	12.00
Maine	16.00	16.00	Kentucky	3.00	3.00
Massachusetts	21.00	16.00	Louisiana	11.00	11.00
New Hampshire	12.00	12.00	Maryland	10.00	10.00
Rhode Island	18.00	18.00	Mississippi	11.00	11.00
Vermont	12.00	12.00	North Carolina	2.00	2.00
Middle Atlantic States			South Carolina	7.00	7.00
Delaware	14.00	14.00	Tennessee	13.00	13.00
New Jersey	19.00	19.00	Texas	18.50	18.50
New York	15.00	15.00	Virginia	2.50	2.50
Pennsylvania	18.00	18.00	West Virginia	12.00	17.00
North Central States			Mountain States		
Illinois	12.00	12.00	Arizona	13.00	13.00
Indiana	10.50	10.50	Colorado	10.00	10.00
Iowa	13.00	13.00	Idaho	9.10	9.10
Kansas	11.00	11.00	Montana	12.00	12.00
Michigan	11.00	11.00	Nevada	10.00	10.00
Minnesota	18.00	18.00	New Mexico	12.00	12.00
Missouri	9.00	9.00	Oklahoma	13.00	18.00
Nebraska	13.00	13.00	Utah	8.00	10.00
North Dakota	11.00	12.00	Wyoming	8.00	8.00
Ohio	15.00	15.00	Pacific States		
South Dakota	12.00	14.00	Alaska	8.00	8.00
Wisconsin	16.00	16.00	California	10.00	10.00
SREB States			Hawaii	40 percent[a]	40 percent[a]
Alabama	12.00	12.00	Oregon	9.00	9.00
Arkansas	17.75	17.75	Washington	16.00	16.00
Florida	21.00	21.00	District of Columbia	13.00	13.00

a. Forty percent of wholesale price.

SOURCE: State Tax Guide, Commerce Clearinghouse, Inc.

Alcoholic beverage tax rates and yields are also closely correlated, though the rate schedules for various kinds of beverages are difficult to evaluate. Overutilization of alcoholic beverage taxes is especially heavy in the SREB region. Area exceptions are Kentucky and Maryland, extensive producer states. Eight states (Alabama, Arkansas, Georgia, Illinois, Louisiana, Maryland, Tennessee, and West Virginia) reported small amounts of local collections.

The overall rate of selective sales taxes in relation to personal income changed very little from 1977 to 1978. Rates for each of the five tax categories are reported in Table B.

State Death and Gift Taxes (Table 3)

Three types of death taxes are employed in the 50 states and the District of Columbia. The first is a "pick-up" tax designed to utilize the federal tax credit and levying no additional tax on the estates. This form is used in five states (Alabama, Alaska, Arkansas, Florida, and Georgia) and is relatively unproductive. The second is an additional estate tax, and the third is an inheritance tax on the individual inheritances. Estate and inheritance taxes are levied by using complex rate schedules and classes of estates or inheritances and various amounts of exemptions and deductions. The complexities make individual taxes difficult to evaluate in regard to productivity.

Two states (South Dakota and West Virginia) use only an inheritance tax. The West Virginia tax is reasonably productive. Two states (Oregon

and Rhode Island) employ all three types. Two states (Mississippi and North Dakota) use an estate tax only, and seven (Arizona, New York, Ohio, Oklahoma, South Carolina, Utah, and Vermont) employ the estate tax in addition to the "pick-up" levy. At least 16 states levy a gift tax as well. No local governments are permitted to use either death or gift taxes.

A total of 18 states and the District of Columbia overutilized this series of taxes in 1978. The taxes were used heavily in the Pacific region (especially California), the New England region (especially Massachusetts), and the Middle Atlantic region (especially Pennsylvania and New Jersey). Among the SREB states, only Tennessee overutilized the sources in 1978, and that because of an unusually and nonrecurring high collection in that year. Tennessee has taken steps by legislative action to reduce the productivity of its inheritance taxes.

Nationwide collections averaged $1.16 per $1,000 of personal income in 1978, down from $1.27 in 1977. This rate is not likely to increase in the near future, as several states have taken steps to reduce the tax by increasing exemptions to offset the effects of inflation on the value of estates.

Property Taxes (Table 4)

Property taxes accounted for 34.0 percent of state-local tax collections in 1978 (Table 13). While they are still the dominant source, emphasis continued to decline--down from 35.2 percent in 1977 and from 39.2 percent in 1971. Collections increased by 6.2 percent from 1977 to 1978, significantly less than the prior year increase of 9.7 percent and significantly less than the growth of personal income. Consequently, the tax rate per $1,000 of personal income declined from $43.29 in 1977 to $41.29 in 1978. The tax is basically local ($64.1 billion out of $66.4 billion, or 96.5 percent in 1978). Several states report collections, but the amounts are minor with a few exceptions. Thirteen states report collections in excess of $50.0 million, the high being in California ($536 million, 4.7 percent of total collections) and Washington ($349 million, 32.3 percent of total collection).

The significance (effective effort) is somewhat less than indicated by the data in Table 4 because many states have property tax relief programs in which a sizeable portion of the collections are returned to the taxpayer through direct credit or rebate programs. These refunds are financed primarily by state nonproperty taxes. They are especially extensive for homestead tax relief in California, Illinois, Indiana, Michigan, Minnesota, New Mexico, Oregon, and Wisconsin, and to a lesser extent in about twenty other states. Some form of relief, usually state-financed, is available in every state. The relative decline in property tax emphasis is hastened also by the extensive exemptions of personal property taxes and industrial tax abatements in several states.

The SREB area continues to be the major area for underutilization--only 67 percent of ability is utilized (Table 16), and every state is responsible. Underutilization is especially heavy in Alabama (28.2 percent). Only three of fourteen states use over three-fourths of their computed ability.

The East and West Coast states continue to be the major overusers. All the New England states, two of four Middle Atlantic states, and three of five Pacific region states are significant overutilizers. Collection data are as indicated in Table 4; however, the effective effort or burden is somewhat less in several states, due to the direct relief programs.

Productivity is limited almost uniformly by weak administration. Whether it is much worse in one section than in another is a matter of conjecture. Uniformly weak administration would affect productivity, but not relative comparisons.

The Individual Income Taxes (Table 5)

Individual income taxes accounted for 17.0 percent of the state-local tax collections in 1978, up from 16.5 percent in 1977. After the rapid growth in 1977 (19.2 percent), growth slowed in 1978 to 13.4 percent, but was still in excess of personal income growth. The tax is generally elastic to income growth, but the elasticity was somewhat muted by new limitations that tend to reduce both productivity and elasticity (higher exemptions and deductions and indexing). Nationwide productivity is limited because six states still do not use the tax, and three use it only sparingly. Growth was evident from 1977 to 1978 in every user state and region. Nationally, 82.3 percent of the computed ability was utilized in

is also influenced by the distribution of taxable income. Table 15 data provide some insight into income distribution. States and regions with a high proportion of taxpayers in low income classes where marginal rates are low have less ability to collect taxes than do those with a high proportion of the taxpayers in middle to high income classes. By this measure the income in the Middle Atlantic region should be more productive of taxes than the other five regions; that in the Mountain and SREB states, the least productive.

The tax yield was $24.99 per $1,000 of personal income in 1978, up from $24.50 in 1977.

Corporation Income Taxes (Table 5)

Corporation income taxes demonstrated a fair measure of income elasticity in 1978. Only a small number of legislative actions were taken to change productivity--these mostly in the nature of limiting revenue as the realization grows that steps need to be taken to maintain profits as a means of improving the rate of capital accumulation. Corporation income tax collections increased by 17.1 percent from 1977 to 1978. Underutilization increased by 19.2 percent.

Growth in revenues was not especially uniform in the six geographic regions. As in past years, economic (corporation) activity in the South and West continued to expand at rates in excess of those in the Midwest and East. As with the individual taxes, the major portion of the underutilization in 1978 was in the SREB region, most notably in Texas, where the tax is not levied. The North Central and Mountain regions underutilized the tax to a

lesser extent than the SREB regions, and the remaining regions overutilized it.

A total of 13 states and the District of Columbia overutilized the source--only one (Louisiana) in the SREB region. Major overutilizing states were Massachusetts (New England region), New York and Pennsylvania (Middle Atlantic region), Michigan (North Central region), and California (Pacific region). Nevada, Washington, and Wyoming, in addition to Texas, do not employ the tax. This strongly influences regional performance.

Comparison of tax productivity remains difficult because of the complexity of credit, deduction, and exemption policies and state apportionment of the income of multistate corporations. These factors, however, are rapidly becoming more uniform along lines developed by the multistate tax compact plan and by the adoption of depreciation and depletion guidelines developed by the federal internal revenue service.

As uniformity becomes a fact, tax rates become more important as a determinant of productivity. Tax rates (generally flat rates are used) range from 12 percent in Minnesota and ten percent in Connecticut and New York to 2.35 percent in Michigan, and four percent in Illinois. Regional rates generally correlate positively with utilization rates. Rates ranging from five to six percent are almost universal in the SREB states. (Maryland has a rate of seven percent). Both the East and West Coast states often have higher rates than the Midwestern and Southern states.

The tax rate per $1,000 of personal income increased from $6.95 in 1977 to $7.31 in 1978.

1978. Utilization was heaviest regionally in the Middle Atlantic region (122 percent), with Delaware and New York being especially heavy users. Other heavy users were Massachusetts in the New England region; Minnesota and Wisconsin in the North Central region; Alaska, Oregon, and Washington in the Pacific region; and Maryland in the SREB region.

Regional productivity is influenced by the states not using the tax or using it sparingly. For example, Florida and Texas in the SREB region do not use the tax, and Tennessee uses it lightly (selected dividend and interest income make up the tax base). While 27.4 percent of the computed ability is in the region, only 17 percent of collections are there. The bulk of the unutilized taxes are in this region, centered in these three states. Two states in the mountain region (Nevada and Wyoming); one in the Pacific region (Washington); and one in the North Central region (South Dakota) do not use the tax. Connecticut and New Hampshire limit the tax base to capital gains and income earned out of state, respectively.

Ten states reported local income tax collections (including business net income taxes) in 1978. Sizeable amounts were reported in Kentucky, Maryland, Michigan, New York, Ohio, and Pennsylvania. Local collections were 12.3 percent of total collections. In Maryland, the local taxes were about half of the total, and in New York, well over one-third. Approximately 4,000 local jurisdictions in the nation employ local income taxes.

Productivity is influenced by the rate schedules and the extensiveness of personal deductions, exemptions, and credits. It

State Alcoholic Beverage License Taxes (Table 6)

State licenses are placed on retailers, handlers, and producers of alcoholic beverages in every state except Hawaii. Local governments also collect license fees, but data on their collections are not available. They are reported in "other and unallocable" tax collections in Table 11.

This source of state tax revenue is becoming increasingly insignificant. Collections decreased from $178 million in 1977 to $173 million in 1978. States collected only 11 cents per $1,000 of personal income in 1978, down from 12 cents in 1977. Liquor license taxes accounted for less than 0.1 percent of total state-local taxes in 1978. Collections are equally insignificant in every region and state.

Motor Vehicle-Related Taxes (Tables 7 and 8)

In addition to property taxes placed on motor vehicles by several states, two other motor vehicle-related taxes are levied--license taxes on the vehicles and fuels taxes on fuels consumed on the states' highways. While the collections are not large when compared with property, general sales, or income taxes, they loom large primarily because they are dedicated to, and are almost the only support for, highway construction and maintenance in most states.

Together they account for about 7.4 percent of state-local tax collections. They exhibit rather slow growth (elasticity)--first, because ownership and use of vehicles are primarily related to population level and growth, and second, because the tax base is not generally affected by inflation in prices.

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While the relation of ownership and use has been somewhat stable, showing only a slight upward trend in relation to population, this trend may be reversed as the supply of fuels stabilizes or decreases and prices increase. Productivity from these sources is almost certain to stabilize or decline in the next few years.

Motor fuels taxes are collected by local governments in eight states and the District of Columbia and license taxes by local governments in 28 states and the District of Columbia. Local collections accounted for 3.0 percent of collections in 1978.

Motor Vehicle License Taxes (Table 7)

License taxes increased by 4.5 percent from 1977 to 1978, accounting for $33.43 per registered vehicle in 1978. The number of vehicles increased by 4.7 percent. Overutilization is most evident in the Middle Atlantic region, where every state does so, and the North Central region, where eight of twelve states overutilize the source. Four of five Pacific area states overutilize license taxes, but their overutilization is more than offset by underutilization in California.

Other major low users are Alabama, Georgia, Massachusetts, Louisiana, Kentucky, Mississippi, and South Carolina, six of which are SREB states. Three other SREB states failed by small amounts to utilize their ability in 1978, while five overutilized ability, two (Florida and Virginia) by substantial amounts. Heavy use is indicated in Illinois, Iowa, Minnesota, New Jersey, New York, Alabama, and Oregon, in addition to Florida.

While the tax is computed according to vehicle horsepower, weight, a flat fee, or some other factor, the fact remains that the

average tax per auto is significantly higher in this last group of states than in the first.

Motor Vehicle Fuels (Table 8)

As with the license taxes, fuels taxes are relatively slow-growing because they are generally volume rather than value taxes. Only two states (New Mexico and Washington) have converted to limited volume taxes. Others will likely introduce value concepts into their taxes or increase gallonage rates as the growth in collections continues to lag behind inflation in highway costs. The 200 percent rise in fuels prices in the last decade has done nothing to increase revenues. In fact, there is a tendency to reduce revenues as higher prices reduce effective demand. Another possible limiting factor in fuels tax growth is the threatened short supply of fuels. If volume taxes persist, taxes will be limited to growth in supply.

Collections increased by 4.7 percent from 1977 to 1978. The average rate per gallon was eight cents, and per registered vehicle, $66.77, both only marginally greater than in 1977.

Productivity in the states is highly dependent on tax rates because the basis is substantially uniform in the states. Rates on gasoline vary from five cents per gallon in Texas (where the source is highly underutilized) to 12 cents in Washington (where the source is highly overutilized) and 11 cents in Connecticut, Michigan, New Hampshire, and Pennsylvania (also significant overutilizers). Production is also influenced by the degree of use of and taxation of gasahol and other synthetic fuels. Iowa currently limits the tax on gasahol--other states generally tax it at the same rate as other fuels.

As noted above, a few local jurisdictions in eight state levy fuels taxes. These taxes, including District of Columbia taxes, accounted for one percent of collections in 1978. Thus, fuel taxes are not a viable source of local revenue.

State tax rates are listed in Table Q. In a few states diesel fuels (for commercial vehicles, primarily) are taxed at higher rates than gasoline.

Severance Taxes (Table 9)

Severance taxes can be used effectively only by states in which significant amounts of natural resources are located. For this reason, the common denominator used to estimate ability is the value of products severed from the states' land and waters. Severance taxes can be either volume taxes (per ton, barrel, or other volume or weight measures) or value taxes (dollars per ton, per barrel, etc.). As expected, value taxes are more elastic than volume taxes in times of rapid price increases, and this affects growth in productivity. Some states use a dual basis in which the higher of two taxes is paid, one based on volume and one on value. For example, Kentucky's coal severance tax is a minimum per-ton tax of 50 cents or 4.5 percent of gross value. Coal, oil, and natural gas make up the largest part of severance products taxed. Louisiana, Texas, and Oklahoma heavily exploit their oil and gas production. Kentucky has substantial coal severance taxes, while other coal-producing states such as Illinois, Ohio, Pennsylvania, and West Virginia do not. However, West Virginia offsets this with a gross receipts tax report, as shown in Table 1. Minnesota exploits its iron producing industry substantially.

GASOLINE TAX RATES
(Cents Per Gallon)

Region and State	September 1, 1978	January 1, 1980
New England States		
Connecticut	11.00	11.00
Maine	9.00	9.00
Massachusetts	8.50	8.50
New Hampshire	10.00	11.00
Rhode Island	10.00	10.00
Vermont	9.00	9.00
Middle Atlantic States		
Delaware	9.00	9.00
New Jersey	8.00	8.00
New York	8.00	8.00
Pennsylvania	9.00	11.00
North Central States		
Illinois	7.50	7.50
Indiana	8.00	8.00
Iowa	8.90	10.00
Kansas	8.00	8.00
Michigan	11.00	11.00
Minnesota	9.00	9.00
Missouri	7.00	7.00
Nebraska	9.50	10.50
North Dakota	8.00	8.00
Ohio	7.00	7.00
South Dakota	8.00	9.00
Wisconsin	7.00	7.00
SREB States		
Alabama	7.00	7.00
Arkansas	8.50	9.50
Florida	8.00	8.00
Georgia	7.50[b]	7.50[b]
Kentucky	9.00	9.00
Louisiana	8.00	8.00
Maryland	9.00	9.00
Mississippi	9.00	9.00
North Carolina	9.00	9.00
South Carolina	9.00	10.00
Tennessee	7.00	7.00
Texas	5.00	5.00
Virginia	9.00	9.00
West Virginia	10.50	10.50
Mountain States		
Arizona	8.00	8.00
Colorado	7.00	7.00
Idaho	9.50	9.50
Montana	8.00	9.00
Nevada	6.00	6.00
New Mexico	7.00	7.00[c]
Oklahoma	6.58	6.58
Utah	9.00	9.00
Wyoming	8.00	8.00
Pacific States		
Alaska	8.00	8.00
California	7.00	7.00[a]
Hawaii	11.50 to 13.50[a]	11.50 to 13.50[a]
Oregon	7.00	7.00
Washington	11.00[d]	11.00[d]
District of Columbia	10.00	10.00

a. Varies by county.

b. An additional tax is levied at 3 percent of the retail price.

c. Rate varies based on the wholesale price but cannot vary by more than 1¢ per gallon in any one year.

d. Rate varies from 9¢ to 12¢ per gallon based on the weighted retail price of all gasoline sold in the state.

SOURCE: State Tax Guide, Commerce Clearinghouse, Inc.

Almost 60 percent of the extractive values are located in the SREB region where close to 70 percent of the tax is collected. Severance taxation is insignificant in the East Coast regions because of the lack of extractive industries (lack of taxable natural resources). Fisheries, though taxable, are not heavily exploited by taxation.

Several states have sufficient potential and have failed to utilize it--Pennsylvania, Illinois, Kansas, Michigan, Missouri, Ohio, Alabama, Arizona, Colorado, Utah, Virginia, and California are among the least efficient users. Texas, Oklahoma, and Alaska are among the heavy users.

Underutilization increased by 9.7 percent from 1977 to 1978, to $532 million, while collections increased by 15.0 percent. Several states have recently taken legislative action to increase productivity. These are detailed in an earlier section. Taxes accounted for $47.02 on each $1,000 of value of severed products in 1978, up from $46.62 in 1977.

Transfer Taxes (Table 10)

Transfer taxes are levied on the value of transfers of real estate and nontangible documents,such as mortgages, other debt instruments, stocks, and bonds. Productivity is influenced by the coverage. In some states taxes are limited to real estate transfers; in others, the most productive element is stock and bond transfers. Collections are made by at least 32 states and the District of Columbia. In some of these and in some states not employing a state tax, local jurisdictions collect a tax. Local data are not available. Local collections are included in "other and unallocable" taxes in Table 11.

New York is especially fortunate in tax ability because of its extensive stock and bond markets. About two-fifths of the state taxes are collected in that state. State transfer taxes increased by 18.6 percent from 1977 to 1978. This is generally a value tax and responsive to increases in real estate and stock market prices. Underutilization increased by 52.7 percent primarily because of the high rate of inflation from 1977 to 1978.

Miscellaneous, other, and unallocable taxes, total taxes (Table 11)

Total taxes as reported in Tables 1 through 11 are reported in final column of Table 11. In addition to the allocable taxes in Tables 1 through 10, the first two columns of Table 11 report two minor sources of taxes that are not conducive to the computation of ability measures.

Parimutuel taxes are largely limited to a few states in which dog and horse racing tradition is long in history. It is not likely that other states can develop the industry in the near future. Over one-third of the revenue is found in the East Coast states. Most of the remainder is in Illinois, Michigan, Ohio (North Central region), Arkansas, Florida, Kentucky, Louisiana, and Maryland (SREB region), and California (Pacific region). All these states have a long tradition of horse racing and, more recently, of dog racing.

Other license taxes (Column 2 of Table 11) consist of several minor taxes. Other and unallocable taxes (Column 3) are not distinguishable as fitting into the major categories, but are necessary to report in order to compute total tax collections.

State and Local Nontax General Revenue (Table 19)

Tax effort is often influenced by the degree of use of nontax revenues, such as charges and fees for public services and other recurring nontax income, that are not classified as taxes. As with taxes, these sources are used to different degrees by the states. Some states overutilize or underutilize both tax and nontax sources. Others overutilize one and underutilize the other as an offset. Table 19 is designed to show these tendencies and to indicate net unutilized ability from both categories of revenues. New York, Minnesota, Wisconsin, and Alaska are examples of major overuse of both categories. Connecticut, New Jersey, Pennsylvania, Illinois, Ohio, and Virginia are examples of major underutilization of both categories. Massachusetts, Nebraska, Alabama, Florida, Georgia, and Texas are prime examples of states overutilizing one category and underutilizing the other. The SREB states and North Central region especially overutilize nontax sources as an offset to low tax effort.

NOTES AND SOURCES FOR TABLES

TABLE 1

Twenty-six states reporting local tax collections are designated in Table O. Alaska has only local taxes. The District of Columbia's taxes are reported as local taxes.

Source: Population: U.S. Bureau of the Census, Population Estimates and Projections, Series P-25, No. 790, December 1978, Table I; Income: U.S. Department of Commerce, Survey of Current Business, July 1978, p. 72, and July 1979, p.72; Collection data: U.S. Department of Commerce, State Government Finances in 1978, Table 7; U.S. Department of Commerce, Governmental Finances in 1977-78, Table 5; and unpublished data on local taxes provided by U.S. Department of Commerce, Governments Division and the Government of the District of Columbia, Department of Finance and Revenue.

TABLE 2

Contributions from state-owned liquor stores included in taxes for 17 states are included in Alcoholic beverage selective sales taxes. The states are Alabama, Idaho, Iowa, Maine, Michigan, Mississippi, Montana, New Hampshire, Ohio, Oregon, Pennsylvania, Utah, Vermont, Virginia, Washington, West Virginia, and Wyoming. Net profits of municipally owned stores in Minnesota, North Carolina, and South Dakota are not included. Net profits from municipally owned electric, gas, and water utilities are included in public utility selective sales taxes.

Source: See citation for Table 1 and State Government Finances, 1978, Tables 16 and 20.

TABLE 3

Source: See citations for Table 1.

TABLE 4

Source: See citations for Table 1.

TABLE 5

Local business net income taxes are included in the individual income tax columns. In computing the average rate, states not using a broad-based tax (Connecticut, New Hampshire, and Tennessee) as well as states not using the tax were excluded. In addition to state taxes, ten states and the District of Columbia reported local collections in 1978. The states are Alabama, Delaware, Indiana, Kentucky, Maryland, Michigan, Missouri, New York, Ohio, and Pennsylvania.

Source: See citations for Table 1.

TABLE 6

Source: See citations for Table 1.

TABLE 7

Local motor vehicle license tax collections were reported in 28 states and the District of Columbia. Significant amounts were reported in Kentucky, Maryland, Massachusetts, New York, Ohio, and Pennsylvania.

Source: See citations for Table 1; and The World Almanac and Book of Facts, 1979, p. 140.

TABLE 8

Local tax collections were reported in Alabama, Arkansas, Hawaii, Illinois, Mississippi, Nevada, New York, and Oregon in addition to the

District of Columbia.

Source: See citations for Tables 1 and 7.

TABLE 9

Source: See citations for Table 1; U.S. Department of the Interior, Minerals Yearbook, 1978, Volume 1, Table 4; U.S. Department of Commerce, Current Fisheries Statistics, Fisheries of the United States, 1977, p.18; and U.S. Bureau of the Census, Census of Agriculture, Volume II, General Report, Chapter VII, Table 3.

TABLE 10

New York and Texas were excluded in the computation of the average rate.

Local realty transfer tax in city of Wilmington, Delaware, is levied at a rate of 1 percent.

A local tax in New York transfers of real property is levied where consideration is over $25,000.

Local taxes are authorized in Pennsylvania. Over 1,000 school districts and 850 other units impose this tax

Tax in Indiana is restricted to corporations subject to gross income tax.

A local tax is authorized in Ohio, South Carolina, West Virginia, and California.

City of Baltimore, Maryland, and specified counties are authorized to levy this tax.

Virginia counties and cities may levy a tax of one-third the state tax.

In Washington, a county tax is authorized and employed in all 39 counties on real estate at a 1 percent rate.

Source: See citations for Table 1.

TABLE 11

Source: See citations for Tables 1-10.

TABLE 12

Source: Tables 1-10.

TABLE 13

Source: Tables 1-11.

TABLE 14

Source: See citations for Table 1; and Henry J. Frank, "Measuring State Tax Burdens," National Tax Journal, Volume XXI, June 1959, p. 183.

TABLE 15

Source: U.S. Department of the Treasury, Internal Revenue Service, Statistics of Income, 1976, Individual Income Tax Returns, Publication 79 (4-79), Table 5-5.

TABLES 16-19

Source: See citations for Tables 1, 7, and 9.

APPENDIX

The statistical technique used in the various SREB tax performance reports has consisted of four simple steps as follows:

(1) Average rates, by type of tax, were computed for all states levying each particular type of tax.

(2) The average rates were multiplied by the appropriate proxy bases in each state. The product represents tax ability.

(3) Ability and effort for each tax category were aggregated. The total represents state-local tax ability and effort, respectively.

(4) Effort was subtracted from ability for each tax and for total taxes. The difference represents the performance level--over- or underutilization in dollar amounts.

The basic effort data were tax collections compiled by the government's Division of the U.S. Bureau of the Census. A proxy base was selected for each of 15 major taxes and a set of average rates was computed. The rates were weighted averages--aggregate collections divided by the aggregate proxy base for all states using each tax. If a particular state did not use a tax, it was omitted in computing the average rate. A state's tax ability was computed for each of the 15 major taxes by multiplying the proxy base by the average rate. To compute total state-local tax ability, the 15 separate abilities were aggregated along with collections from other minor and unallocable tax amounts.

Finally, ability (for each tax and for total taxes) by state was compared with actual collections to measure tax performance. If a state rate for a particular tax exceeded the average rate, that state was considered to be overutilizing its ability. If its rate were below average, ability was considered underutilized.

The most common and appropriate proxy tax base used in the SREB study was fiscal year personal income as reported by the U.S. Bureau of the Census. Average tax rates were expressed in dollars per $1,000 of personal income and this rate applied in all states. Alternative proxy bases were used in some cases for which a more reliable measure was available. For severance taxes a more appropriate base was the value of national resources severed from the land and waters of the state. The number of motor vehicles registered and the taxed consumption of motor fuels were considered more appropriate for estimating ability to collect motor vehicle license taxes and fuel taxes, respectively. On the other hand, the volume of taxed tobacco products and alcoholic beverages was not considered an appropriate proxy base because of the widespread bootlegging of the products. For example, tobacco tax ability would appear relatively low in Tennessee (tax on cigarettes, 13¢ per package), and high in Kentucky (tax on cigarettes, 3¢ per package) and North Carolina (2¢ per package) because of extensive purchases of cigarettes by Tennessee residents in these two border states. By the same token, bootlegging reduces the collections in Tennessee relative to Kentucky and North Carolina.

Finally, personal income may not be the ideal proxy base for corporation property and income taxes, because up to half of the taxes may be exported to nonresidents. However, other potential proxies--such as corporation wages; employment, sales, and property values; or nonfarm income--are equally disadvantageous because they cannot be reliably allocated to the states, or they are not closely related to taxable corporation property or income.

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